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QUESTION OF PALESTINE
THE SITUATION IN THE MIDDLE EAST

SECURITY COUNCIL
Fifty-third year

Letter dated 3 March 1998 from the Permanent Representative of the Syrian Arab Republic to the United Nations addressed to the Secretary-General

In my capacity as Chairman of the Group of Arab States for the month of March 1998, I have the honour to transmit herewith a note verbale regarding several events to be held in Jerusalem, as part of "Israel's fiftieth anniversary" celebrations, under the pretext of "united Jerusalem" being "Israel's capital". The Group of Arab States considers these events a violation of all relevant resolutions of the United Nations regarding Jerusalem.

I should be grateful if you would have the present letter and its annex circulated as a document of the fifty-second session of the General Assembly, under agenda items 37 and 36, and of the Security Council.

(Signed) Mikhail WEHBE
Ambassador
Permanent Representative of
the Syrian Arab Republic to
the United Nations

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ANNEX

Note verbale dated 3 March 1998 from the Permanent Representative of the Syrian Arab Republic addressed to the Secretary-General

The Permanent Representative of the Syrian Arab Republic to the United Nations, in his capacity as Chairman of the Group of Arab States for the month of March 1998, would like to bring the following information to your attention. As part of its fiftieth anniversary celebrations, Israel is holding several events in Jerusalem, under the pretext of it being "Israel's capital". These Jerusalem events are to be sponsored by state organs as well as by the Jerusalem municipality, which has extended invitations to mayors and dignitaries from all over the world to participate in these Jerusalem events.

These planned celebrations in Jerusalem constitute a gross violation of international law, numerous Security Council and General Assembly resolutions, as well as the principle and spirit of the agreements reached between the Government of Israel and the Palestine Liberation Organization.

The Security Council, in its resolution 478 (1980) of 20 August 1980, censures in the strongest terms the enactment by Israel of the "basic law" on Jerusalem, states, inter alia, that it constitutes a violation of international law and calls upon those States that have established diplomatic missions in Jerusalem to withdraw such missions from the Holy City. Furthermore, the Security Council has, in 25 resolutions, affirmed the applicability of the Fourth Geneva Convention relative to the Protection of Civilian Persons in Times of War of 1949 to all Arab territories occupied in 1967, including Jerusalem. It has also repeatedly declared that all Israeli measures, including the legislative and administrative ones, taken to change the status, demographic composition or character of Jerusalem, are null and void.

After the Israeli occupation in 1967, Israel illegally extended the borders of Jerusalem to 10 times the original area, dissolved the Arab municipality and extended Israeli law, jurisdiction and administration to East Jerusalem.

While these planned events in Jerusalem blatantly violate international law and the will of the international community, as expressed in countless United Nations resolutions, they also constitute violations of the Declaration of Principles on Interim Self-Government Arrangements of 1993, which states that the status of Jerusalem is to be negotiated in the permanent status talks, on the basis of Security Council resolutions 242 (1967) and 338 (1973). These resolutions consider East Jerusalem to be an occupied territory, not the "capital of Israel". Such events and invitations, by claiming Jerusalem to be the "capital of Israel" aim to predetermine the status of the city.

We urge all Member States to bring these facts to the attention of their respective authorities. By participating in such events, the international community would be signalling its acceptance of these illegal Israeli actions. Instead, the international community must demonstrate its resounding objection to these measures and to Israel's continuing defiance of the Charter of the United Nations, United Nations resolutions and international law.

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Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Note by the Secretary-General

1. Pursuant to General Assembly resolution 48/218 B of 29 July 1994, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the review of the implementation of procurement reform.

2. The Secretary-General takes note of its findings and concurs with its recommendations.

98-05243 (E) 060398

Annex

Report of the Office of Internal Oversight Services on the review of the implementation of procurement reform

Summary

A. Results in brief

In the early 1990s, the value of procurement by the Organization increased significantly as a result of the growing demand for goods and services in field missions. During the last three years, however, the average value of goods and services procured by the United nations decreased from $500 million annually to approximately $310 million, mostly due to the downsizing of peacekeeping missions.

In 1994, a High-level Group of Experts on Procurement conducted a study of the procurement process and issued a report in December 1994. The status and progress of the implementation of their recommendations was outlined in a report of the Secretary-General of 29 November 1996 (A/C.5/51/9). A second, more recent report of the Secretary-General (A/52/534) was issued on 27 October 1997, after the OIOS review was concluded.

The objective of this review was to verify and evaluate the status and progress of the implementation of recommendations made by the High-level Group of Experts on Procurement. The review showed that the procurement reform process is well under way. The Procurement Division has been reorganized, procurement guidelines are in the process of finalization and delegated procurement thresholds have been adjusted. Management information systems have the capability to produce all necessary management reports, and can be further enhanced once databases are complete. Most notably, the Procurement Division can now rely on staff who are qualified for their assigned tasks. However, additional efforts are needed to further strengthen the overall procurement process. Areas of concern included the training and experience of field mission procurement officers, the procurement manual, procurement planning and the quality of the vendor roster.

B. Recommendations

- Management should consider making use of the procurement and contract administration services offered by the United Nations Office for Project Services for development projects.
- Financial rules should be interpreted so as to permit the initiation of procurement actions pending the allocation of funds and the commitment of funds in cases where a financial commitment is operationally necessary prior to budget approval.
- The procurement of professional services and medicines and medical supplies should no longer be exempted under the Financial rules from the requirement for bidding.
- The draft procurement manual should be reviewed, finalized and issued in a timely manner.

- Training needs should be identified and a formal procurement-specific training programme developed in cooperation with the Office of Human Resources Management.
- Procurement officers should be rotated between Headquarters and field missions to improve the overall qualifications of the procurement staff.
- Procurement authority should be delegated at the start of a field mission and its financial limits should reflect the mission's procurement needs and ability to manage this responsibility.
- Better use should be made of existing management information capabilities.
- Vendor registration procedures should be enhanced to ensure that the vendor roster is reliable.
- The Procurement Division should report on progress made in respect of system contracts.
- Requisitioning departments, in cooperation with the Procurement Division, should develop and submit annual procurement plans.

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I. Introduction

1. In the early 1990s, the value of procurement by the Organization increased significantly as a result of the growing demand for goods and services in field missions. During the last three years, however, the average value of goods and services procured by the United Nations has decreased from $500 million annually to approximately $310 million, mostly due to the downsizing of peacekeeping. Despite the decreased level of activity, procurement remains an area of concern to management and legislative bodies.

2. In 1994, a High-level Group of Experts on Procurement, hereafter referred to as the Group of Experts, conducted a study of the United Nations procurement process and issued a report in December 1994. The status and progress of implementation of their recommendations was described in a report of the Secretary-General dated 29 November 1996 (A/C.5/51/9), hereafter referred to as the 1996 procurement status report. A second status report of the Secretary-General (A/52/534), hereafter referred to as the 1997 procurement status report, was issued on 27 October 1997 after the review by the Office of Internal Oversight Services (OIOS) was concluded. The Advisory Committee on Administrative and Budgetary Questions considered the measures outlined in the 1997 procurement status report and noted in its report to the General Assembly of 5 December 1997 that: "the Committee believes that while considerable progress has been made in the procurement process, implementation of a number of [reform] procedures is still outstanding. It trusts that every effort will be made to adhere to the schedule as indicated in annex II to the report" (A/52/7/Add.3, para. 7).

3. The objective of the OIOS review was to verify and evaluate the status and progress of the implementation of recommendations made by the Group of Experts. The review was conducted between March and September 1997 and included an analysis of relevant documents, statistics and end-of-mission and lessons-learned reports in both the Department of Management and the Department of Peacekeeping Operations. Extensive interviews were also conducted with knowledgeable Department of Management and Department of Peacekeeping Operations officials. Comments received from the Department of Management and the Department of Peacekeeping Operations on 12 January and 2 February 1998, respectively, were taken into account in preparing the present report and are marked in the text in italics. An overview of the status of recommendations is provided in the annex to the report.

II. Organizational structure

4. Previously, the Purchase and Transportation Service at Headquarters was organized in three sections: procurement for field missions; procurement for headquarters and regular offices; and transportation. In January 1996, the Purchase and Transportation Service was reorganized as the Procurement and Transportation Division in response to the recommendation by the Group of Experts that bottlenecks between sections be eliminated. The new organizational structure comprised four sections: two Procurement Sections having a total of eight commodity-specific clusters; a newly created Support Services Section to provide management information and administer the vendor roster; and a Transportation Section. During the OIOS review, the Transportation Section was separated from the Procurement and Transportation Division to report directly to the Office of Central Support Services, and the Procurement and Transportation Division was renamed the Procurement Division. OIOS welcomes this streamlining of reporting lines.

5. The Group of Experts recommended that the Procurement Division have functional responsibility over procurement at the former Department for Development Support and Management Services, whose Contracts and Procurement Office merged with the Procurement Division in February 1998, adding a third Procurement Section in the Division. This overdue consolidation of procurement functions at Headquarters is welcomed by OIOS. For development projects, OIOS recommends that management consider utilizing the procurement and contract administration services offered by the United Nations Office for Project Services, which specializes in the management and procurement support of development projects.

6. *The Procurement Division and the Department of Peacekeeping Operations concurred with the OIOS recommendation, but the Procurement Division pointed out that support costs charged by the Office for Project Services are an important factor to be considered in the decision of whether to utilize its procurement services.* OIOS believes that support costs charged by the Office for Project Services may be less costly than maintaining the corresponding procurement capacities in the Procurement Division.

III. Financial rules and procurement planning

A. Commitment authority

7. The Group of Experts recommended that authority to commit up to 75 per cent of the estimated budget be granted to relevant departments while awaiting budget approval. The recommendation was aimed at providing flexibility to the procurement process, with special consideration given to field operations.

8. OIOS noted in this context that a memorandum of understanding between the Controller and the Under-Secretary-General for Peacekeeping Operations dated 25 January 1995 provides a framework that enables the procurement process to function in exigency situations without prior budgetary approval. In summary, this memorandum of understanding elaborates on financial rule 110.6, which states that the Controller "may approve commitments against current and future financial periods when they are necessary in the interests of the United Nations". The memorandum of understanding states that the authority granted under financial rule 110.6 shall apply if "there is a reasonable expectation of the establishment of a new mission or the extension and/or expansion of the mandate of an ongoing mission". Furthermore, the memorandum of understanding states that "requests for procurement are limited to essential start-up or ongoing requirements, concomitant with the mandate by the Security Council. In cases of new and expanded missions, procurement shall be limited to a maximum of 75 per cent of the provision included therefore in the Secretary-General's budget proposals." Moreover, it specifically lists goods and services which are essential for peacekeeping missions and which are included in the application of financial rule 110.6.

9. In the view of OIOS, for procurement cases that would not warrant the application of financial rule 110.6 and the above-mentioned memorandum of understanding, a less restrictive interpretation of financial rule 110.5 and an adjustment in Integrated Management Information System (IMIS) procedures would add overall flexibility to the procurement process. According to financial rule 110.5, "no contract, agreement or other undertaking exceeding $1,000 shall be entered into until credits have been reserved in the accounts, through the recording of an obligation, to meet expenditures which may accrue in the financial period". As currently interpreted, this provision makes the initiation of the procurement process dependent on the authorization of funds, and IMIS controls prevent the entering of requisitions in such instances. Hence, if financial rule 110.5 is interpreted in a restrictive manner, preliminary procurement actions, such as invitations for bids or requests for proposals cannot be initiated, even though no financial commitment is required during these early stages. Maintaining such strict controls can result in additional costs to the Organization, since precious time is lost awaiting budget approval and insufficient time to secure goods and services is left once the funding has been secured. This can often result in contract awards without the benefit of competition or *ex post facto* submissions to the Committees on Contracts.

10. In the opinion of OIOS, financial rule 110.5 does not prohibit planning or the initial steps of the procurement process, but merely prevents the entering into a financial commitment with vendors. In order to facilitate urgent procurement, the raising of requisitions, the issuance of invitations to bid or requests for proposals and the subsequent technical and financial evaluation of bids and proposals should be permitted pending the approval of funds. IMIS control features should be adjusted to accommodate such actions when requisitions are certified as urgent requirements. In general, OIOS believes that this less restrictive interpretation of financial rule 110.5 would apply to field missions whose mandates can reasonably be expected to be extended.

B. Procurement planning

11. The Group of Experts recommended the development of an annual procurement plan. The Department of Peacekeeping Operations plays the primary role in the procurement process for new and existing field missions. However, the political, military, infrastructural and humanitarian situations may be fluid, especially in the initial stages of a field operation. Continuously changing assumptions, both before and after the formal establishment of a field mission by the Security Council, cause great difficulties in procurement planning and often result in delays in the acquisition process. Also, lead times between the dates of requisition, invitation to bid, deadline for submission of bids, technical evaluation and delivery are often prolonged.

12. Field missions with established administrative and logistics structures are in a better position to plan for the procurement of required goods and services. Nonetheless, in many cases exceptions for urgent procurement may still be required. In view of the fact that the budget period for most peacekeeping missions was extended to 12 months,

OIOS recommends that the Department of Peacekeeping Operations, in cooperation with the Procurement Division, develop annual procurement plans for ongoing field missions. Annual procurement plans should also be submitted by departments and offices at Headquarters where requirements for goods and services are normally predictable. These planning procedures should also be included in the procurement manual.

13. The compilation of lessons-learned reports and end-of-mission reports by the Department of Peacekeeping Operations represents a positive step towards improving overall procurement planning, and the efforts by the Department of Peacekeeping Operations and the Procurement Division to utilize this information in the procurement process are commended.

14. The Group of Experts also recommended that increased numbers of system or blanket purchase contracts be introduced to streamline the overall procurement process. Such contracts allow the Organization to acquire an indefinite quantity of goods or services at prices fixed for a specified time and are an important planning tool. Several such contracts were awarded for commodities required by field missions, and a system contract for rations was in its preparation phase at the time of this review, However, reliable statistics confirming the progress made in this area should be compiled and made available.

C. Exceptions to the requirement for obtaining bids and proposals

15. Financial rule 110.19 (f), which exempts professional services from the requirement for bidding, no longer appears to be justified in view of the competitive market for such services. Therefore, OIOS believes that professional services should, as a rule, be obtained by bidding. Similarly, financial rule 110.19 (g) states that medicines, medical supplies, hospital or surgical supplies or prosthetic appliances may be purchased without the benefit of competition. This exemption from bidding may have been reasonable when the pricing of such goods was subject to government regulation. However, in today's international commodity markets where generic products can be obtained at competitive prices, exemption of these goods is no longer justified and may limit the Organization's ability to obtain the best value. In exceptional cases where bidding would not give satisfactory results, financial rule 110.19 (h) should be applied. Under this rule, contracts may be awarded without bidding when "the Assistant Secretary-General for General Services or such other official authorized under rule 110.16 determines that competitive bidding or calling for proposals will not give satisfactory results. In such cases, appropriate reasons shall be recorded in writing."

16. *The Department of Peacekeeping Operations expressed the view that, in order to accommodate procurement planning needs, procurement reform would have to go beyond the recommendations of both the High-level Group of Experts and OIOS if it was to be responsive to the requirements of peacekeeping operations and other field missions. The Department believed that the Office of the Under-Secretary-General for Peacekeeping Operations should be vested with the financial authority to conduct procurement within the limits of field missions budgets. It further stated that programme managers at Headquarters and in the field should be able to approve contracts for exigency situations; the Department of Peacekeeping Operations should have the authority to designate officials to enter into contracts and financial commitments, including full authority to the Head of Mission during the first six months of a mission; procurement authority should be delegated immediately at the start of a mission in order to permit a rapid local procurement response to meet exigency requirements; and the committees on contracts should be in a position to authorize contracts before (a priori) the start of the actual procurement process in order to meet anticipated needs. It also voiced the opinion that, in order to meet the operational needs of peacekeeping operations, a separate set of procurement regulations and rules should be developed specifically for peacekeeping operations. Moreover, it stated that there was a need for legislation that would authorize it to enter into financial commitments of up to 75 per cent of the anticipated budget.*

17. *The Procurement Division noted that it "can and does solicit proposals prior to funding" with adequate justification and that generally delays in funding and unspecific requirements from requisitioners are the main impediments to timely procurement. It also stated that the above-mentioned memorandum of understanding is a tool for such procurement.*

18. In the view of OIOS, fast track procurement procedures and the granting of financial authority are issues of major importance, especially for peacekeeping missions in the planning stage and in the process of significant expansion. OIOS had recommended in a previous report entitled "In-depth evaluation of the Department of Humanitarian Affairs" (E/AC.51/1997/3), *inter alia*, that special emergency rules and procedures should be developed to meet the requirements of the Department's emergency activities and to address related issues concerning personnel and procurement arrangements. Pending the development

of these special rules and procedures, the implementation of OIOS recommendations regarding the interpretation of financial rule 110.5, the application of financial rule 110.6, the development of annual procurement plans, and increased use of system contracts could shorten lead times and contribute to more effectively meeting the operational needs of requisitioning departments.

IV. Procurement guidelines

19. The Group of Experts recommended in December 1994 that a procurement policy document, a procurement procedural document and a standard operating manual be developed. In March 1995, OIOS also recommended in its final report on the in-depth evaluation of peacekeeping operations: start-up phase (E/AC.51/1995/2 and Corr.1) that the procurement manual be revised and issued by the end of 1995. Progress has been made in developing a new procurement manual, which includes procurement policies and procedures and, to a limited extent, standard operating procedures. As of the date of the present review, however, the procurement manual was still in a draft stage. OIOS notes the statement made in the 1997 procurement status report that the first quarter of 1998 would be the final target date for completion and issuance of the procurement manual. The final version should then be made available in hard copy and on the United Nations Intranet to ensure wide distribution to users.

20. OIOS examined the draft manual and noted that the responsibilities of the Procurement Division are generally well defined and adequate guidance is provided in terms of conducting most procurement transactions. However, in order to serve as a comprehensive guideline for procurement officers and requisitioning departments, OIOS believes that the procurement manual should be further revised to include:

- A mission statement affirming the need for competition, best value and commitment to overall client service;
- A code of conduct and professional and ethical standards for procurement officers. In order to prevent financial conflicts of interest and avoid improper influence, such a code could include employment restrictions prohibiting staff in procurement-related functions from accepting employment with United Nations contractors in positions that would involve having direct contact with the Procurement Division or requisitioning departments. Under the same premise, former employees of United Nations contractors could be proscribed from being employed in procurement-related functions in the Organization for a specified time period. OIOS also agrees with the suggestion of a senior procurement officer to introduce procurement "dos and don'ts" – guidelines with practical examples pertaining to the appearance of impropriety or conflict of interest;
- Procedures to handle complaints, bid protests, etc., and a definition of the role of supplier relations manager, a function which has been established in the Office of the Assistant Secretary-General for Central Support Services;
- Guidelines for the solicitation process, i.e. when to solicit by advertising, when to use the vendor roster and when both methods should be used concurrently;
- A policy statement concerning the use of brokers;
- A policy statement on coordination of procurement matters with other United Nations agencies;
- A definition of immediate operational requirement (also referred to as exigency) and procedures for urgent procurement, especially in connection with the application of financial rule 110.19;
- Standard procurement planning procedures and control measures to ensure adequate lead times between requisition and delivery date;
- Improved evaluation criteria for the new supplier application form;
- Guidance on proposal and bid review, price negotiation and analysis of proposed costs/prices;
- A section on management information statistics, as was included in an earlier draft of the manual;
- A section on delegation of authority to offices away from Headquarters and field missions;
- Samples of standard contracts pre-approved by the Office of Legal Affairs;
- Guidelines on contract monitoring, and the roles and responsibilities of the Procurement Division and users with respect to contract administration;
- A definition of system contracts and guidelines for their use;
- Documentation requirements to ensure an audit trail and transparent decision-making in vendor selection.

21. *The Procurement Division noted that the Common Services Working Group on Procurement was in the process of drafting a mission statement. The Division also stated that the Office of Legal Affairs should be consulted on the*

feasibility of employment restrictions specifically for Procurement Division officers. It further stated that the Task Force on Common Services was preparing a policy on the coordination of procurement matters with other United Nations agencies and pointed out that this policy should be included in the procurement manual. It also noted that more specific guidance from OIOS on the above issues would be helpful. The Department of Peacekeeping Operations advised that it was finalizing extensive comments on the draft manual to be submitted to the Procurement Division. OIOS encourages the Procurement Division to consider the comments of the Department of Peacekeeping Operations for the final version of the procurement manual.

V. Human resources

22. At the time of its study, the Group of Experts concluded that the competence and qualifications of managers and procurement officers were inadequate, owing partly to an overall lack of procurement-specific training. OIOS reviewed the personnel files of 20 Professional staff at Headquarters and determined that more than 90 per cent of them had procurement-related qualifications and/or procurement-related experience. Fifteen per cent of the staff had governmental and 10 per cent military procurement experience. OIOS found that the qualifications and experience of procurement officers handling complex assignments appeared to be adequate. Senior procurement officers at the P-4 and P-5 levels had, on average, 17 years of procurement-related experience. As recommended by the Group of Experts, a Coordinator was appointed as a focal point for information technology. OIOS concluded that the Procurement Division, after a period of high staff turnover, has now developed a nucleus of experienced procurement officers, and that the vast majority of Procurement Division staff are qualified to perform their assigned functions.

23. In contrast to the situation at Headquarters, the review showed that problems still exist in the field. Of 86 procurement officers in the field, OIOS reviewed the backgrounds of 21 Professional staff and 6 Field Service officers. Sixty-two per cent of these staff had combined United Nations and outside procurement experience, whereas 38 per cent had no outside procurement experience. None of the Field Service staff had outside procurement experience or other procurement-related qualifications, and only 10 per cent of the Professional staff had prior procurement experience at Headquarters. It was also noted that the Professional staff at Headquarters do not have the opportunity to share their expertise with field missions. OIOS therefore strongly encourages the Procurement Division to develop a policy whereby the rotation of procurement officers between Headquarters and field missions would become an integral part of their career development.

24. The qualifications and experience of three government secondees were also reviewed. All three had adequate procurement-related qualifications and experience, with an average of 14 years of procurement-related experience. The Procurement Division noted that the use of government secondees would be phased out in 1998.

25. The Group of Experts recommended that training be provided for the IMIS and Reality systems, and staff did receive such training. The Group also recommended the implementation of a procurement training programme and this was confirmed in the 1996 procurement status report. Moreover, the Group recommended that the competence of managers be reviewed, training needs specifically for managers and supervisors be identified and additional general training be made available to them. The review found that staff had attended a number of training courses. In November 1995, Procurement Division staff participated in a four-segment procurement training programme organized by the United Nations Office for Project Services, each ranging from two to four days. In 1996 and 1997, some Division staff participated in two additional courses, and at the time of the review, four new staff members had received on-the-job training in the Procurement Division prior to their assignments to field missions.

26. The efforts undertaken by the Procurement Division in the area of staff training are commended. Nevertheless, OIOS encourages the Division to review further its procurement training needs, in cooperation with the Office of Human Resources Management. This should include structured on-the-job training for junior officers, development of a formal training programme for both Headquarters and field procurement officers, and management training for senior officers. According to the 1997 procurement status report, this process has already been initiated.

27. The Group of Experts recommended that the Procurement Division initiate a record system showing the qualifications and experience of procurement staff, and OIOS would also encourage the Division to develop a staff record, showing for instance training and development needs, for use by senior officers as a management tool.

28. *The Procurement Division and the Department of Peacekeeping Operations concurred with the above observations and recommendations.*

VI. Delegation of authority

29. The Group of Experts initially recommended abolishing local committees on contracts, which review procurement actions at field offices. However, it later agreed with senior management to retain and strengthen the local committees on contracts process. As a result, thresholds for local committees on contracts were increased to a maximum of $200,000 for offices away from Headquarters and field missions. The increased thresholds are welcomed to the extent that they reflect the procurement needs of the offices and missions, consider their ability to administer responsibly the assigned limit and are periodically reviewed and adjusted, if necessary. The 1997 procurement status report indicates this is already taking place, as some smaller missions were assigned a lower procurement threshold.

30. The Group of Experts also recommended that the Headquarters Committee on Contracts conduct pre-award reviews only for system contracts, and that it carry out post-quality reviews for all other procurement actions. OIOS believes that the Procurement Division should carefully consider the additional controls that the Committee on Contracts review process provides before taking a decision to implement this reform. For certain types of goods and services, such as public utilities whose prices are regulated by the host country, however, OIOS concurs that Committee on Contracts review may not be required. *The Department of Peacekeeping Operations agreed with this latter position and noted that a senior procurement officer should be granted authority to approve contract awards in such cases.*

31. Procurement officers at the Procurement Division have been issued detailed letters of delegation, as recommended by the Group of Experts. It was also recommended that samples of delegation letters be provided to offices away from Headquarters, field missions and the international criminal tribunals. The review showed that letters of delegation for field missions were on file in the Department of Peacekeeping Operations, and routine audit visits to peacekeeping missions indicated that this information had been communicated to them. In the view of OIOS, it is crucial for field operations that delegation of authority be granted at the start of the mission.

32. The Group of Experts recommended the introduction of a $5,000 procurement imprest in the field specifically for low value procurement for day-to-day operations. According to the 1996 procurement status report, the suggestion was taken under consideration. The establishment of a procurement impreset could facilitate procurement actions because cash funds would be immediately available for small purchases and would not be subject to the $50 or $100 per purchase limitation imposed on petty cash funds. However, the alternative of making use of already existing cashier's office imprests would avoid control issues and unnecessary risk. Previous audits have shown that both such arrangements have worked satisfactorily in field missions.

33. At Headquarters, the Office of Central Support Services initiated a study to introduce a simplified system for low value procurement (up to $2,500). Currently, control features built into IMIS do not distinguish between low and high value procurement, and any changes in the procedures for low value procurement would also require software changes in IMIS. At the time of this review, no decision had yet been taken on the proposed low value procedures. OIOS welcomes this effort to streamline the procurement process, thereby better managing risk and focusing controls on areas of financial significance. Implementation of such a new procedure is therefore encouraged.

34. *The Procurement Division generally concurred with the above observations and noted that it was working with the pertinent offices to complete the low value procurement study. The Department of Peacekeeping Operations stated that financial limits should be replaced by commodity- and service-oriented procurement delegations of authority.*

VII. Management information systems

35. The Group of Experts recommended that procurement managers identify their management information needs and that a critical review be made of available management information reports. Initial steps in this direction were made, and in April 1996, a new reporting system was implemented making available 30 standard and a variety of customized management reports on the status of requisitions, purchase orders and vendors. However, OIOS believes that an overall strategy is needed for the collection and use of management information as a meaningful procurement tool. There was no consolidated information system. The Support Services Section in the Procurement Division maintained the Reality system, another separate procurement database was kept in one of the commodity Procurement Sections and individual clusters maintained their own databases relevant to their specific commodities. As a result, data was collected inefficiently, and because it was entered into separate databases, it could not be retrieved centrally.

36. The Reality system and IMIS are linked through daily batch processing. While requisitions relating to contracts were entered into IMIS, the contracts themselves were, depending on contract type, entered either into Reality,

IMIS, or a third database. Data entered into Reality system's bid module allows buyers to select vendors, to generate bids and to analyse quotations. It also provides the Support Services Section with a central reporting capability on vendor solicitation and selection. In the opinion of OIOS, use of the bid module should be encouraged for all procurement actions to ensure a comprehensive database.

37. IMIS also contains the United Nations procurement catalogue of frequently requisitioned items. It was noted that the responsibility for the maintenance and ownership of the catalogue had not been assigned to one of the sections in the Procurement Division. Although the Department of Peacekeeping Operations has developed generic specifications for some commodities, the IMIS catalogue did not include many commodities frequently purchased for field missions, such as spare parts, engineering equipment and prefabricated containers. In the view of OIOS, development of a more comprehensive procurement catalogue would help buyers and requisitioners in the procurement process, especially if this information would be available on-line to users in field missions and offices away from Headquarters.

38. OIOS encourages efforts by the Procurement Division and the Department of Peacekeeping Operations to establish a unified format for the provision of procurement data and to target a deadline of March 1998 for a common reporting system, as indicated in the 1997 procurement status report. Existing management reporting systems are capable of capturing most required data, but would be enhanced through the following measures:

- Information on lead times between dates of requisition, distribution of solicitation documents, bid deadline and delivery of goods or services as a procurement planning tool;
- Centralized information about the basis of contract awards, i.e. after bidding, without bidding and reasons for the latter. The information is presently only available at the Committee on Contracts;
- Regular and timely procurement plans provided by user departments to the Procurement Division;
- A central vendor performance database to support procurement officers in the bidding and selection process;
- Reports showing the number of times a vendor was invited to bid, responded to a bid or was awarded a contract to be used for maintaining the supplier roster management;
- A computerized feature in the vendor roster to help assure impartiality in the solicitation process.

39. OIOS is pleased to note the successful development of a procurement website (http://www.un.org/depts/ptd) which provides general information and a listing of recent major contract awards. Companies may download the supplier registration package for subsequent electronic submission.

40. The Group of Experts also recommended that a full inventory of existing assets and their condition be conducted. OIOS is pleased to note that the introduction of the Global Assets Management System, a centralized inventory system encompassing all field missions, is under way in the Department of Peacekeeping Operations. This system should greatly assist in providing for a more effective and efficient procurement planning process.

41. *The Procurement Division concurred with the above observations and pointed out that a central vendor performance database, vendor reports and electronic selection of suppliers were being developed for implementation in 1998.*

VIII. Vendors

42. The Group of Experts recommended that the vendor roster, a database from which companies are selected to participate in the procurement process, be re-established and Member States be approached to encourage qualified national companies to apply for registration. Improvement has already taken place, but the reliability of the roster should be further enhanced. All 4,700 vendors from the old roster were invited for re-registration and 1,250 passed the registration process. The Procurement Division also contacted all Member States and requested that they distribute the registration information to qualified national vendors in order to achieve better geographical distribution, as suggested by the Group of Experts. The Procurement Division was planning to conduct registration briefings for them in the fall of 1997. This effort is commended, especially considering that, at the time of the review, 120 out of 185 Member States were not represented on the roster.

43. As stated in the 1997 procurement status report, a total of 3,000 vendors have been registered. OIOS welcomes the efforts of the Procurement Division to expand the roster, provided that the quality of registered companies is ensured. It was noted that only about one fourth of registered companies were utilized, i.e. had been awarded contracts. The Division has begun producing data showing past trends in vendor utilization which may allow the identification of uninterested vendors, for instance, those registered companies that have not responded to invitations to bid.

44. The 1996 procurement status report stated that "full registration must be completed within 90 days from the date of the award of the contract. If not registered, the supplier is requested to apply and be qualified before being invited to participate in future bids or tenders" (A/C.5/51/9, para. 24). Hence they are excluded from participation in United Nations procurement. During the registration process, a vendor may remain on the provisional roster, which could be considered a log of interested companies, for up to 90 days. Companies submitting documentation as a response to an advertisement may not have been previously included on the roster, but the registration process should then be initiated without delay, and the vendor, if found qualified, should be included on the permanent, not the provisional, roster. At the time of this review, the provisional roster contained 861 companies, of which over 300, or 35 per cent, had been listed for more than 90 days.

45. No controls were in place to prevent vendors on the provisional roster from being invited to bid or awarded contracts. Six vendors on the provisional list were awarded 20 contracts or contract extensions for a total amount of $7 million in 1996. Another 11 vendors received 28 contracts or contract extensions in the amount of $49 million during the same year, even though they were not listed on either the provisional list or on the qualified vendor roster. Therefore, OIOS believes that the Procurement Division should take action to improve the reliability of the vendor roster and, if the 90-day registration limit is an unrealistic time-frame, it should be reconsidered.

46. The review also found that a number of aircraft charter contracts were awarded to contractors on the provisional roster or not on the roster at all. For this type of service, a separate list of technically acceptable contractors produced by the Department of Peacekeeping Operations was used. While OIOS acknowledges the importance of technical pre-qualification, it believes that this vendor list should be incorporated into the master Procurement Division vendor roster.

47. Financial information on vendors should be kept up to date, and technical qualifications should be documented in vendor files. Verification of company information by an outside credit agency should be routinely requested and documented, especially for companies offering complex, high-value or safety-sensitive goods or services. If financial statements are so complex that their analysis requires the assistance of financial experts, it should be sought from the Office of Programme Planning, Budget and Accounts, as necessary.

48. Field mission vendor rosters may contain local vendors that are not well-established, but could still be useful for local procurement, provided that reasonable credit and reference checks are made to ensure that they are reliable.

49. A formal vendor performance evaluation system would provide useful information for re-registration, and should be developed in cooperation with user departments to determine whether a company fulfilled its obligations during a previous contract with the Organization. The 1997 procurement status report noted a December 1998 deadline, and this effort is appreciated although earlier completion is encouraged. At the time of the review, the Support Services Section of the Procurement Division participated in a working group of the Inter-Agency Procurement Services Office to explore the feasibility of implementing a United Nations system-wide vendor roster and performance evaluation system, and the 1997 procurement status report confirmed this ongoing effort.

50. *The Procurement Division generally concurred with the OIOS recommendations. The Division also maintained that incorporating the joint Department of Peacekeeping Operations and Procurement Division aircraft vendor list into the Procurement Division master roster would not be feasible owing to the special nature of aircraft services.* In the view of OIOS, however, while certain technical data contained on the joint aircraft vendor list may not be compatible with the Procurement Division master roster, inclusion of pertinent information on the aircraft vendors would confirm that the appropriate financial and technical checks had been made.

IX. Conclusion and recommendations

51. The review showed that the procurement reform process is well under way. The Procurement Division has been reorganized, procurement guidelines are in the process of finalization and delegated procurement thresholds have been adjusted. Management information systems have the capability to produce all necessary management reports and can be further enhanced once databases are complete. Most notably, the Procurement Division can rely on staff who are qualified to perform their assigned tasks. However, additional efforts are needed to further strengthen the overall procurement process. Areas of concern included the training and experience of procurement officers at field missions, the procurement manual, procurement planning and the quality of the vendor roster.

52. OIOS recommends the following measures:

- Management should consider making use of the procurement and contract administration services offered by the United Nations Office for Project Services for development projects (AM97/71/4/01);
- Financial rule 110.5 should be interpreted so as to permit the initiation of procurement actions pending the allocation of funds, and financial rule 110.6 as well as the memorandum of understanding dated 25 January 1995 between the Controller and the Under-Secretary-General for Peacekeeping Operations should be applied in cases where a financial commitment is operationally necessary prior to budget approval (AM97/71/4/02);
- Financial rules 110.19 (f) and (g) should no longer be used as a basis for granting exceptions to calling for bids and proposals for the procurement of professional services or medicines and medical supplies. Rather, financial rule 110.19 (h) should be used in exceptional cases if bidding would not give satisfactory results (AM97/71/4/03);
- The draft procurement manual should be reviewed, finalized and issued in a timely manner (AM97/71/4/04);
- Training needs should be identified and a formal procurement-specific training programme developed in cooperation with the Office of Human Resources Management (AM97/71/4/05);
- Procurement officers should be rotated between Headquarters and field missions to improve the overall qualifications of the procurement staff (AM97/71/4/06);
- Procurement authority should be delegated at the start of a field mission, and its financial limits should reflect the mission's procurement needs and ability to manage this responsibility (AM97/71/4/07);
- Better use should be made of existing management information capabilities, and databases should be properly maintained (AM97/71/4/08);
- Vendor registration procedures should be enhanced to ensure that the vendor roster is reliable (AM97/71/4/9);
- The Procurement Division should report on progress made in respect of system contracts (AM97/71/4/10);
- Requisitioning departments, in cooperation with the Procurement Division, should develop and submit annual procurement plans for standard procurement (AM97/71/4/11).

53. OIOS continues to pay close attention to procurement matters and will follow up on those issues which have yet to be resolved.

(Signed) Karl Th. **Paschke**
Under-Secretary-General for
Internal Oversight Services

Annex

Summary of implementation of procurement reform recommendations made by the High-level Group of Experts on Procurement

Rec. No.	*Recommendations as noted in the report of the Group of Experts dated December 1994*	*Implementation status as noted in the 1996 procurement status report*[a]	*Progress as described in the 1997 procurement status report*[b]	*Comments by OIOS on the status of implementation*
1	Implement a programme of professional training, starting at the buyer level.	Implemented.	Training has been provided; the Office of Human Resources Management and the Procurement Division were discussing the development of a formal training programme.	Staff attended a number of training courses. A systematic formal training programme and training plan still needed to be formulated.
2	Training should be given at the management and supervisory levels on general management and commercial competencies as well as United Nations-peculiar systems.	Implemented.	Specific training programme for managers is not specifically noted.[b]	Since no training in this respect had yet taken place, it should be developed as part of an overall training programme.
3a	Functional responsibility for all procurement should be given to the Department of Administration and Management.	Under consideration.	Increased cooperation and communication between the Procurement Division and the Department of Peacekeeping Operations.	The procurement function of the former Department for Development Support and Management Services (now the Department of Economic and Social Affairs) was merged with the Procurement Division; other consolidating steps should be carefully examined.
3b	Operational responsibility for procurement to remain with the Department of Peacekeeping Operations.	Not specifically listed in the report.	Increased cooperation and communication between the Procurement Division and the Department of Peacekeeping Operations.	There is increased cooperation between the Department of Peacekeeping Operations and the Procurement Division.
4	All chief procurement officers to have the right of direct access to Officer-in-Charge of the Purchase and Transportation Service on professional matters.	Implemented.	Not specifically noted.	Implemented.
5	All requisitions for Headquarters action should go directly to the Purchase and Transportation Service and not through the Department of Peacekeeping Operations, preferably electronically.	Not advisable.	Not specifically noted.	Requisitions are channelled through the Department of Peacekeeping Operations, which plays an important role in ascertaining actual procurement needs and in verifying requisition information.

Rec. No.	Recommendations as noted in the report of the Group of Experts dated December 1994	Implementation status as noted in the 1996 procurement status report[a]	Progress as described in the 1997 procurement status report[b]	Comments by OIOS on the status of implementation
6	The local committees on contracts should be strengthened.	Implemented.	Thresholds were increased; some smaller missions received lower limits.	Thresholds were increased for all local committees on contracts. A mission's needs and ability to administer responsibly the assigned limits should be considered.
7	Issue personal letters of delegation that clearly spell out what can and cannot be done.	Implemented.	Not specifically noted.	Implemented.
8	Increase delegations to the field missions.	Implemented.	See recommendation No. 6.	See recommendation No. 6.
9	Issue a larger imprest to the sector level in field missions (around $5,000), to use on day-to-day requirements. Guidelines on its use must be issued.	Under consideration.	Not specifically noted. (Note: The Working Group on Procurement also studied low value procurement.)	Some missions have larger imprests, as required. But use of already existing cashier office imprests is also an alternative that would avoid control issues and potential risk.
10	While waiting for budget approval, authority must be given to commit up to 75 per cent of the estimated budget. Priority must be given for mission-critical items.	Implemented.	Not specifically noted.	The memorandum of understanding dated 25 January 1995 between the Under-Secretary-General for Peacekeeping Operations and the Controller applies. It explains in detail the use of financial rule 110.6, which states that in exceptional cases the Controller may approve funds prior to budget approval.
11	The Purchase and Transportation Service should review and implement increased numbers of global systems/blanket contracts.	Implemented.	Progress was made.	Progress was made; however, statistics should be compiled to confirm the use of systems contracts.
12	The vendor roster should be fully purged and Member States should be asked to seek national vendor registration details.	Implemented.	The vendor roster is at approximately 3,000 registrants; efforts are under way to ensure more geographical equity.	Member States were approached to distribute registration materials. Further steps are required to improve the overall quality of the supplier roster.
13	Commercial generic specifications should be compiled and, where not available, United Nations-peculiar specifications should be developed by the Department of Peacekeeping Operations. The field missions must be issued a full list of the specifications.	Implemented.	Not specifically noted. Consultations with the Inter-Agency Procurement Working Group in respect to vehicle specifications.	The IMIS procurement catalogue lacks information on many frequently procured items. Ownership of the catalogue was not assigned to any of the units in the Procurement Division.
14	Issue clear instructions on the use of immediate operational requirement.	Implemented.	List of immediate operational requirement cases with specific examples to be prepared by March 1998.	A definition on the use of immediate operational requirement has not been formalized, but should be included in the procurement manual.

Rec. No.	Recommendations as noted in the report of the Group of Experts dated December 1994	Implementation status as noted in the 1996 procurement status report[a]	Progress as described in the 1997 procurement status report[b]	Comments by OIOS on the status of implementation
15	The Headquarters Committee on Contracts should pre-vet only the systems contracts and carry out a quality review process on decisions already taken.	Not advisable.	Not specifically noted.	Changing the role of the Headquarters Committee on Contracts should be carefully weighed, since its reviews provide an important control function.
16	Public bid openings should be stopped.	Not advisable.	Not specifically noted.	Ceasing public bid openings would affect the transparency of the procurement process.
17	The "bottlenecks" identified at the Head of Field Mission Procurement Section and Head of Processing Section levels in the Purchase and Transportation Service should be eliminated by better definition of responsibilities at a lower level.	Implemented. Reorganization of the Division has addressed the concern.	Division was reorganized to exclude the Transportation Section.	The Division was reorganized into a commodity-specific structure.
18	The Purchase and Transportation Service must initiate a record system to show staff qualifications, expertise and competencies to match staff to posts.	Implemented.	Not specifically noted.	The introduction of such a record system is encouraged as it would provide a useful management tool, e.g. to determine training needs.
19	A procurement plan should be drafted to cover estimated requirements over the next 12 months.	Not feasible.	Increased cooperation and coordination, but annual procurement plans are not noted.	Annual procurement plans should be developed by Headquarters departments and field missions whose logistical and administrative structures are well established; this should be done in cooperation with the Procurement Division. The procurement planning requirement should be detailed in the procurement manual.
20	All reports currently available should be critically reviewed and deleted if not used.	Implemented.	Not specifically noted, but development of a single format for the provision of data for field and Headquarters procurement by March 1998.	Comprehensive reporting capacity is available and should be enhanced to be used effectively as a management tool.
21	Managers should identify their information requirements. – Requisitions value – Amount spent/committed budget – Demand satisfaction rate – Lead times – Equipment performance and trend analysis – Vendor performance etc.	Implemented.	Not specifically noted, but central vendor performance system to be developed by December 1998.	An overall strategy or policy for the use of management reporting systems should be developed. The reliability of the centralized database needs to be enhanced.
22	All staff should receive both IMIS and Reality training.	Implemented.	Not specifically noted.	Implemented.

Rec. No.	Recommendations as noted in the report of the Group of Experts dated December 1994	Implementation status as noted in the 1996 procurement status report[a]	Progress as described in the 1997 procurement status report[b]	Comments by OIOS on the status of implementation
23	Post operation reports must be generated to identify problems, solutions and recommendations for the future.	Implemented.	Regular meetings with the Department of Peacekeeping Operations, which prepares lessons-learned and end-of-mission reports.	Implemented. Lessons-learned reports and end-of-mission reports have been compiled by the Department of Peacekeeping Operations.
24	All requests to vendors should allow 30 days for a response, but 14 days must be the minimum for a fax response.	Not advisable.	Not specifically noted.	Response time should be reasonable.
25	An information technology coordinator should be appointed to survey and record all computer hardware and software in use with a view to making full use of the existing capabilities and expertise.	Implemented.	Not specifically noted.	Implemented.
26	Critically review the competence of managers and move/train, if necessary.	Implemented.	Training and development is being initiated in cooperation with the Office of Human Resources Management.	Senior procurement officers are considered qualified to perform their duties, but their expertise should be complemented with a formal training programme.
27	An independent complaint bureau/ombudsman should be appointed.	Not possible to identify suitable post; budget constraints.	Not specifically noted.	The function has been assumed by the Office of the Assistant Secretary-General for Central Support Services (Office of Conference and Support Services). But the role should be defined and procedures developed.

Recommendations stage 2

Rec. No.	*Recommendations as noted in the report of the Group of Experts dated December 1994*	*Status of implementation as described in the 1996 procurement status report*[a]	*Progress as described in the 1997 procurement status report*[b]	*Comments by OIOS on the status of implementation*
1	A logistics organization should be implemented.	Under consideration.	Not specifically noted.	The introduction of a logistics organization would require careful examination.
2	Perform a full inventory of existing assets to identify what they have, where it is and the condition. Asset redistribution could form the basis of start-up kits.	Implemented.	Not specifically noted.	Implementation of a Global Asset Management System is under way.
3	A procurement policy document should be produced.	Substantially completed.	To be issued in the first quarter of 1998.	Progress has been made in producing a manual, but finalization is still pending. Documents under recommendations 3, 4, and 5 should be integrated into the procurement manual.
4	A procurement procedural document should be produced.	Substantially completed.	To be issued in the first quarter of 1998.	See recommendation No. 3.
5	A standard operating manual should be written.	Substantially completed.	To be issued in the first quarter of 1998.	See recommendation No. 3.
6	A team concept should be fostered.	Implemented.	Not specifically noted.	Fostering a team concept is an area which could be further developed in the Procurement Division.
7	A mission statement should be issued.	Implemented.	Not specifically noted.	A mission statement was available, but should be reviewed and included in the procurement manual.
8	Linear responsibility charts should be generated.	Implemented.	Chart included in report.	Implemented.
9	All major contract activity and awards should be publicized both in hard copy and on electronic media as a contracts bulletin.	Implemented.	Published on the home page and in "Procurement Update".	Published in "Procurement Update" and on the Procurement Division's website (http://www.un.org/depts/ptd).

[a] A/C.5/51/9.

[b] A/52/534. This report relates to procurement reform in general and not directly to the recommendations by the Group of Experts; some of its recommendations are therefore not specifically noted.

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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Human resources management

Note by the Secretary-General

1. Pursuant to General Assembly resolutions 48/218 B of 29 July 1994 and 51/221 B of 18 December 1996, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the audit of the use of consultants.

2. The Secretary-General takes note of its findings, concurs with its recommendations and also notes that measures are being taken or initiated to correct the issues addressed in the review.

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Annex

Report of the Office of Internal Oversight Services on the audit of the use of consultants

Summary

A. Introduction

Pursuant to General Assembly resolution 51/221 B of 18 December 1996, the present report is submitted to provide insight into the use of consultants and associated contractual procedures in the United Nations during the calendar year 1996.

According to the available information, the Organization employed some 2,675 consultants in 1996, including 656 at Headquarters and 2,019 at offices away from Headquarters. The fees paid to these consultants totalled $19.4 million, of which approximately $3.8 million (20 per cent) was charged against the regular budget and the balance of $15.6 million against extrabudgetary resources. The completion of the audit and the preparation of the present report were delayed as a result of difficulties experienced by OIOS in collecting data from Secretariat departments and offices at and away from Headquarters and in reconciling incomplete, inconsistent or amended information received from different offices.

B. Results in brief

The audit disclosed various internal control weaknesses and other shortcomings in connection with the engagement of consultants during 1996. Most of these shortcomings represent a recurrence of the practices noted in previous audits of the same subject by the Board of Auditors and OIOS.

The examination of randomly selected cases did not indicate that any of the consultants involved had been engaged to carry out work previously performed by staff on posts. However, no positive assurance can be given that such situations did not occur, in view of the shortcomings in data collection and record keeping identified by the audit. Another related shortcoming was a lack of awareness or understanding on the part of a number of user departments of the essential difference between consultants and individual contractors. This shortcoming resulted in part from unclear definitions of these personnel groups in the existing directives.

The most significant audit findings are as follows:

- In general, no proper rosters of candidates were maintained or used in the Secretariat as a basis for the selection of individual consultants. In many cases this resulted in a consultant being engaged based on a single-person candidate list submitted by the user department, effectively preventing the consideration of other, possibly better qualified candidates. It also meant that the selection process, in part because of lack of time, did not include a prior verification of the candidates' professional background and qualifications;

- There were no clear guidelines on the determination of the level of remuneration payable to consultants, and this resulted in the payment of widely divergent rates for similar services;

- In general, departments maintained inaccurate or otherwise deficient logs on consultancies, and there were indications that the established distinction between consultants and individual contractors – as defined in the existing administrative instructions – was not being observed. As a result, recording and reporting was not reliable. The possibility of using funds allotted for temporary assistance or contractual services to obtain consultancy services by classifying consultants as individual contractors could not be excluded;

- A degree of geographical imbalance – defined as a situation in which, of the total number of consultants hired at a duty station, a significant number come from a relatively small group of countries – was noted in the hiring of consultants during 1996 by 11 Secretariat units, including three departments at Headquarters; three regional commissions; two organizations based in Nairobi; and three offices based in Europe. OIOS notes, however, that in most of the above cases the degree of geographical imbalance becomes less pronounced – and the hiring of consultants from certain countries becomes more justified – when the number of consultants who are nationals of the country or region of the duty station is excluded from the equation and due account is taken of the cost savings gained from hiring such consultants.

C. Recommendations

In order to address the problem areas cited above, OIOS recommends that the following elements be included in the comprehensive policy guidelines, called for by the General Assembly in its resolution 51/226 of 3 April 1997, governing the engagement and use of consultants:

- Clear definitions of the various types of personnel hired on a temporary and intermittent basis by the Secretariat, to easily differentiate those engaged for consultancy functions from those, including individual contractors, hired to perform regular staff or otherwise non-consultancy functions. In this regard, the ambivalent and confusing use of the term "Special Service Agreement" for both consultants and individual contractors should be discontinued;

- Detailed procedures to ensure that the selection of candidates for consultancies is done objectively and on a cost-effective and competitive basis, with due regard, where feasible, to proper geographical balance;

- A proper and consistent approach for the determination of the level of remuneration, including the establishment and regular updating of ranges of standard rates;

- The maintenance and regular updating of computerized rosters of candidates for consultancies;

- The Secretariat-wide use of the Integrated Management Information System (IMIS) to ensure the uniform recording of required consultancy data and to facilitate the reporting, central monitoring and analysis of such data; this will require considerable effort for the reconciliation of data prior to the implementation of the worldwide database.

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I. Introduction

1. The present report has been prepared in response to General Assembly resolution 51/221 B of 18 December 1996, requesting the Secretary-General, "in connection with paragraphs 25 to 31 of the report of the Advisory Committee [on Administrative and Budgetary Questions], to report, through the Office of Internal Oversight Services, on the use of consultants and associated contractual procedures in the United Nations during the calendar year 1996". One of the concerns expressed by the Advisory Committee in its second report on the 1996-1997 programme budget (A/51/7/Add.1) pertained to "the number of people, if any, hired as consultants to carry out work previously performed by staff on posts".

2. For the reasons discussed in paragraphs 6 and 7 below, OIOS was unable to obtain precise data on the number and cost of consultants hired by the United Nations during 1996. According to the available information, the Organization employed some 2,675 consultants in 1996, including 656 at Headquarters and 2,019 at offices away from Headquarters. The fees paid to these consultants totalled $19.4 million, of which approximately $3.8 million (20 per cent) was charged against the regular budget, and the balance of $15.6 million against extrabudgetary resources. In addition, six institutional or corporate consultants were hired at a total cost of $0.3 million.

3. Although the audit initially focused on "consultants" and "participants in advisory meetings", as defined in administrative instruction ST/AI/296, it was extended to also cover the United Nations Secretariat's two other regular sources of consultancy services: "experts on mission" and "institutional or corporate contractors", as defined in ST/AI/297 and 327, respectively. Two separate teams carried out the audit, one of them focusing on the experts on mission engaged by the former Department for Development Support and Management Services, and the other on consultants, participants in advisory meetings, and institutional or corporate contractors engaged by the other Secretariat units at and away from Headquarters.

4. In its resolution 51/226 of 3 April 1997, the General Assembly had requested the Secretary-General "to prepare, no later than the end of 1997, comprehensive policy guidelines on the terms of reference (including objectives, targets and output delivery dates), selection, hiring and renewal of consultants and ensuring transparency and objectivity in the selection process". In response to that resolution, a working group was established by the Office of Human Resources Management (OHRM) to formulate the requested policy guidelines. At the invitation of the working group, representatives of OIOS participated in some of the group's sessions.

5. A draft of the present report was submitted to the Office of Human Resources Management on 17 October 1997. A revised draft, reflecting informal comments received subsequently from OHRM, was submitted to the Department of Management on 9 December 1997. By memorandum of 30 January 1998, the Under-Secretary-General for Management transmitted the comments of the Controller, the Assistant Secretary-General for Human Resources, and the Chief of the Integrated Management Information System (IMIS) project. These were taken into account when finalizing the present report. As a general comment, the Department of Management stated that, "*on the whole, there seems to be concern about the data collection*". OHRM stated that *the issue of the use of consultants would be dealt with in the context of the Secretary-General's Task Force on Human Resources Management* and that it was hoped that "*the best practices pertaining to the selection and the use of consultants from both private and government sectors would be reflected in the final report of the Task Force.*" OIOS shares the concern about the reliability of available data but wishes to point out that the problems identified in the recording and reporting of consultant-related data need to be addressed by the Department of Management, as explained in the following paragraphs.

II. Number and cost of consultants hired in 1996

6. OIOS could not readily obtain precise information about the number and cost of consultants hired by the United Nations during 1996. Requests for such information had been made separately at the start of the audit to the Office of Human Resources Management, the Office of Programme Planning, Budget and Accounts (OPPBA) and other Secretariat units both at and away from Headquarters. An examination of the data received in response to OIOS' requests disclosed the following shortcomings:

(a) The data provided by OHRM, of which several different versions were received by OIOS, were retrieved from IMIS. They covered only consultants hired by departments and offices at Headquarters because, in 1996, IMIS was not yet operational at overseas offices. According to the last version of those data, 532 individual consultants were hired at Headquarters during 1996 (excluding the institutional or corporate contractors) under 656 separate Special Service Agreements (SSAs), at a total cost of $5.9 million. In response to a separate query, OHRM indicated

that $0.3 million had been spent additionally at Headquarters to engage six institutional or corporate consultants in 1996;

(b) The data provided by OPPBA showed what had been recorded in the accounts at Headquarters as consultancy expenditures incurred in 1996 by departments and offices Secretariat-wide. OIOS noted significant differences between these data and those provided by OHRM and the offices away from Headquarters. These differences are attributable in part to: (i) the fact that, according to OPPBA, their data do not include consultancy expenditures charged against technical cooperation funds; (ii) the incorrect inclusion, by overseas offices, of data pertaining to individual contractors; or (iii) varying methods employed by the offices involved in accessing data from IMIS or other sources. Thus, the different sets of data could not be compared and validated;

(c) The data provided by the departments and offices away from Headquarters, which had not been recorded in IMIS, were contained in variously formatted tables, comprising detailed lists – with no summary totals – of individual names and related personal and cost data. These tables were supposed to but did not always provide such information as the total fees paid and the allotment account charged in respect of each person listed. Moreover, some of them listed consultants and individual contractors in the same table, without clearly distinguishing which was which in each case. These shortcomings made it difficult to arrive at the total number and cost of consultants hired in 1996 outside Headquarters;

(d) The data provided by OHRM and the various offices away from Headquarters indicated that, in a number of cases, two or more SSAs were issued for the same consultant, but without indicating whether, in each case, the consultant worked on the same consultancy project or on different projects. OIOS noted that no policy or procedure had been established to advise user departments and personnel services how the cases referred to should be dealt with in the process of recording and reporting the number of consultants hired each year. The absence of such a policy or procedure gives rise to discrepancies in establishing the number of consultants employed by each department every year. In OIOS' view, each new consultancy project should be counted separately, even if the same person was employed for two or more projects. However, if two or more SSAs are issued for the same consultant but covering only one project, this should be counted as one consultancy.

OIOS recommends that an appropriate procedure be established in the proposed new guidelines to ensure the accurate recording and reporting of the number of consultants employed every year by the Secretariat through: (a) the proper counting of cases in which two or more SSAs are issued during the year to the same individual, (b) the strict observance of the distinction between consultants and individual contractors, and (c) the discontinuance of the use of the term "Special Service Agreements" when referring to consultancies and individual contractors (AH97/28/3/001).

7. In view of the data-related shortcomings cited in the preceding paragraph, OIOS tried to have the missing data provided, and the available data reviewed and corrected, by the offices concerned, but this exercise, apart from significantly delaying the completion of the audit, could not be completed satisfactorily. For this reason, and based on the available data, the number and cost of consultants hired in 1996 could not be precisely established. On the data collection difficulties cited above, OHRM advised OIOS that *it intended to pursue this matter with all offices to ensure their compliance with the data-collection guidelines established by OHRM.*

III. Hiring of consultants for regular staff functions

8. Taking into account concerns expressed by the General Assembly on this issue, the audit included a review to determine whether and to what extent consultants were being engaged for work previously performed by regular Secretariat staff. The review did not disclose any clear case of consultants being so engaged.

9. Among other procedures, the audit team analysed job descriptions covering both individual consultancies and established posts in the same offices, but did not identify any instance in which the tasks which the consultant was supposed to perform had previously been carried out by regular staff. However, no positive assurance can be given that such situations did not occur, in view of the shortcomings in data collection and record keeping identified by the audit.

10. Another related shortcoming was a lack of awareness or understanding on the part of a number of user departments of the essential difference between consultants and individual contractors. This shortcoming resulted in part from unclear definitions of these personnel groups in the existing directives. As discussed elsewhere in the present report, individual contractors differ from consultants in that contractors are hired to perform regular staff functions but, like consultants, are engaged through Special Service Agreements (SSAs). OIOS noted that the use of SSAs to

engage both consultants and contractors over the years had resulted in part in obscuring the essential difference between the two personnel groups, to the extent that it became common practice – on the part of both user departments and personnel services – to use the term "SSAs" instead of "consultants" or "individual contractors" when referring to either or both personnel groups.

IV. Maintenance and use of rosters

11. The audit indicated that, except as indicated below, personnel rosters were not maintained or used as a standard tool in the identification and selection of qualified candidates for consultancies. An immediate reason for this shortcoming is that the relevant administrative instructions do not specifically require the maintenance of such rosters. This has resulted in most candidates being engaged on the basis of a single-person list submitted by the user department, effectively preventing the consideration of other, possibly better-qualified, candidates. In a number of cases, it has also led to the selection of candidates without due regard to geographical balance (see paras. 22-24 below).

12. IMIS (Release 1) includes a reporting facility which allows standard roster searches and reporting by occupational group. There was little evidence, however, that this facility was used, and the related database updated, regularly. Moreover, the facility was only available to departments and offices at Headquarters, as the IMIS personnel module had not yet become operational at all offices away from Headquarters.

13. OHRM advised OIOS as follows: "*With regard to the rostering ... it should be noted that the IMIS personnel module is already operational in all offices away from Headquarters except for the Economic and Social Commission for Western Asia (ESCWA) where it is scheduled for implementation in February 1998. It is anticipated that the recording of certain skills data will be made mandatory, including skills available for consultancies. This would make the approval of a departmental request for SSA contingent upon the availability of a corresponding record in the IMIS database.*"

14. The Chief of the IMIS project, while endorsing the idea of using IMIS for rostering consultants, pointed out that "*several steps need to be undertaken*" before fully making use of the IMIS facilities.

OIOS recommends that:

(a) The current guidelines on the engagement and use of consultants be revised to provide for the maintenance of standard rosters for use in the identification of suitable candidates for consultancies (AH97/28/3/002); and

(b) The proposed rosters be established as a part of the Integrated Management Information System (IMIS) and maintained on the basis of continually updated skills data provided by the user departments through the Office of Human Resources Management (AH97/28/3/003).

V. Verification of credentials of candidates

15. The audit found little or no evidence that the stated qualifications and experience of candidates for consultancies were verified as part of the hiring process. The root cause of this is that a proper roster of pre-certified candidates is not maintained in the Secretariat. This shortcoming is exacerbated by the fact that, generally, requests for the engagement of consultants are submitted by user departments without adequate advance notice, giving personnel officers little or no time to review and process each request properly, including verifying the credentials of the recommended candidates. To correct this practice, better cooperation and more discipline on the part of user departments – in terms of giving adequate lead time for the consideration of their requests – is needed, in addition to resolving the underlying problem.

OIOS recommends that the revised guidelines for the engagement and use of consultants require, except for low-cost consultancies, the verification of credentials prior to any engagement (AH97/28/3/004).

VI. Segregation of functions

16. A review of 37 randomly selected cases in the Department for Development Support and Management Services indicated that, in 36 of those cases, the same person in the user department who drafted the related terms of reference also recommended the specific candidates to be considered for recruitment. Invariably, these recommendations were accepted without question by the personnel officers who processed the contracts. To ensure transparency in this regard, and to facilitate the work of the officials involved, OIOS believes there is a need for specific provisions – missing in the existing guidelines – defining the

respective roles and responsibilities of the requesting officers and processing officers in the hiring of consultants. Requesting officers, among other tasks, need to prepare job descriptions or terms of reference that are sufficiently clear and comprehensive to facilitate the process of locating suitable candidates and determining the proper level of remuneration to be paid. Processing officers, on the other hand, need to take a more active role in that process and in ensuring that the applicable rules, policies and procedures are properly complied with.

OIOS recommends that the revised guidelines on the engagement and use of consultants provide for an adequate segregation of related functions between the requesting officers and the officers who process the contracts and include a clear definition of their respective roles in ensuring compliance with the relevant rules, policies and procedures (AH97/28/3/005).

VII. Level of remuneration

17. The audit revealed that the existing guidelines, apart from not being properly observed generally, provide inadequate direction and offer no practical approach as to how the level of remuneration for each consultant should be determined. Administrative instruction ST/AI/296 stipulates that the primary consideration should be the nature of services to be provided, the estimated time to complete them, the current market rate for comparable work and the need to ensure that the remuneration to be paid represents "the minimum necessary to obtain the services required by the Organization". The same instruction provides that "the level of remuneration to be offered to an individual engaged as a consultant" shall be established by the "appropriate personnel service".

18. The audit indicated that, owing to the general nature of the above provisions, widely divergent rates were being used to pay for similar types of services and, in many cases, the rates were established by the user department without involving the personnel service.

19. In respect of the consultants hired at Headquarters under ST/AI/296, some of the rates paid were based on the established salary levels for the Professional and higher categories. In other cases, however, the rates were established on an ad hoc basis, and were claimed to represent current market rates and ranged up to $850 a day.

20. We support the idea of using standard rates and of using the United Nations salary scales as a base for developing the amounts to be established. In our view, however, these amounts should take into account not only the base pay but also other elements making up each staff member's total compensation package, to ensure that the resulting rates are sufficiently competitive to attract desirable candidates.

21. OHRM advised OIOS as follows: "*With regard to the issue of remuneration ... a flexible and transparent yet consistent approach should be developed, largely based on the salaries for Professional staff, with a possibility of increasing the upper-range values by an amount reflecting additional compensation elements, as proposed by OIOS, i.e., to take into account not only the base pay but also the other elements of the total compensation package. Such considerations as the local labour market and specific qualifications of the consultants should also be reflected in the consultants' rates. There is also a need for improving the competitiveness of consultants' rates in order to attract the high-calibre consultants working in the various specialized fields of work.*"

OIOS recommends that realistic ranges of standard rates for the remuneration of consultants be developed and updated regularly, taking into account the following factors, which should be incorporated in the proposed new guidelines:

(a) The need to attract fully qualified individuals, from as wide a geographical area as possible;

(b) The need to reflect the different market rates that may prevail at each duty station and for different categories of consultants; and

(c) The need for the responsible officials throughout the Secretariat to take a consistent approach in determining each consultant's remuneration (AH97/28/3/006).

VIII. Geographical balance

22. Based on prior observations and recommendations on this subject by the General Assembly, the Board of Auditors, and OIOS, the audit included a review of the extent to which the Organization's policy on geographical distribution was observed in the engagement of consultants during 1996. An analysis of the available data showed that out of a total of 2,675 consultants hired overall by the Secretariat in 1996, 2,541 were clearly identified as nationals of 137 countries. Of these, 1,111 (42 per cent) were from eight countries and accounted for 50 per cent ($9.7 million) of the total fees paid

($19.4 million), both under the regular budget and extrabudgetary resources.

23. On the basis of a more detailed analysis by duty station and office, OIOS noted a degree of geographical imbalance in the hiring of consultants by 11 Secretariat units, including three departments at Headquarters; three regional commissions; two Nairobi-based organizations; and three offices based in Europe. These 11 units accounted for 61 per cent (1,631) of the total number of consultants hired in the Secretariat in 1996, and 71 per cent ($13.7 million) of the total fees paid. Of the 1,631 consultants from 67 countries hired by them, between 43 and 68 per cent were nationals of only four or even fewer countries. In the case of the Economic Commission for Latin America and the Caribbean (ECLAC), three countries accounted for 63 per cent, and in ESCWA, two countries alone accounted for 67 per cent, of all the consultants hired by them, respectively. OIOS notes, however, that in most of the above cases the degree of geographical imbalance becomes less pronounced – and the hiring of consultants from certain countries becomes more justified – when the number of consultants who are nationals of the country or region of the duty station is excluded from the equation. The audit determined that there was geographical imbalance in the hiring of consultants by ECLAC, for example, because, of the 357 consultants hired by it from 27 countries, 225 (63 per cent) came from only three countries. A closer look at the data indicates, however, that all three countries (including the host country) belong to the ECLAC region.

24. Based on the above findings, there is a need, in the proposed revised guidelines, to underscore the importance of attaining proper geographical balance in the hiring of consultants. On the other hand, we do not believe that the geographical distribution principle should be applied indiscriminately and without regard to other factors, particularly cost. Travel costs, especially in low-cost consultancies, are often the largest single cost element and even exceed the fees. There is therefore an obvious economic advantage in hiring individuals from within, as opposed to outside, the same duty station or region. The additional cost of non-local hiring made in the interests of geographical balance may often not be justified. These considerations, in our view, should also be reflected in the proposed revised guidelines. For low-cost consultancies, the requirement of geographical distribution should not apply at all in order to promote cost-effectiveness.

OIOS recommends that the revised guidelines include appropriate provisions:

(a) Reiterating the importance of attaining proper geographical balance in the hiring of consultants (AH97/28/3/007);

(b) Underscoring, at the same time, the need to balance the geographical distribution requirements with the objective of achieving economies through local and/or regional recruitment (AH97/28/3/008); and

(c) Exempting low-cost consultancies from the requirement of geographical distribution. Low-cost consultancies should be defined in the new guidelines as those whose total cost amounts to less than a specific figure to be established therein (AH97/28/3/009).

IX. Maintenance of logs

25. The audit indicated that there was a general lack of compliance with the existing requirement calling for the maintenance by each user department of "a current log of all expenditures for consultants they engage each year". These logs are supposed to show the related "expenditures under each section of the budget and for each source of extrabudgetary funds for all programme and miscellaneous accounts", as well as the following information: "the work assignment and its purpose, the body or programme for which it is intended, the name, nationality, date of birth and level of education of the consultant, the commencement and expiry date of the contract, the estimated work months required to complete the contract, the fee or other remuneration and the basis for its payment, the travel cost and an evaluation of the consultant's services under the contract".

26. Examination of the copies of logs provided to OIOS by departments and offices at and away from Headquarters showed that the logs differed from each other in form and content and in many cases provided only some of the information called for in the administrative instructions. Most of them consisted of unbound pieces of paper, with all information handwritten, despite the availability of personal computers. Some of the logs included data on both consultants and individual contractors, without clearly indicating in each case whether the person listed was a consultant or a contractor. This commingling of consultant and individual contractor data was also noted in an examination of printouts of relevant IMIS data. In these printouts, a number of individual contractors were shown as being charged against the object of expenditure assigned to consultants' fees (0111), whereas some consultants were

shown as being charged against objects of expenditure other than 0111.

27. Owing to lack of information, it was not possible to verify whether the apparent errors in those IMIS printouts were simple and isolated recording errors or whether they reflected a general problem of lack of awareness, or non-recognition, on the part of user departments of the difference between consultants and individual contractors.

28. Although consultants and individual contractors are both hired on an intermittent basis under Special Service Agreements, they differ significantly in terms of (a) the nature of the services they are supposed to provide, and (b) the budgetary account against which the cost of such services are chargeable. As provided in ST/AI/296:

(a) Consultants provide "advisory services or assistance requiring expertise, special skills or knowledge not normally possessed by the regular staff of the Secretariat and for which there is no continuing need in the Secretariat"; and

(b) The "services of consultants or participants in advisory meetings shall be charged exclusively to funds specifically authorized for these purposes".

On the other hand, as provided under ST/AI/295, individual contractors – like "temporary staff" hired under the 100 series or the 300 series of Staff Rules on short-term appointments – are defined as "individuals required by the Organization from time to time to assist the regular staff in the performance of their functions by providing expertise, skills or knowledge similar to those possessed by regular staff or for which the Organization has a continuing need". The same instruction provides that the cost of individual contractors is chargeable against "funds authorized for temporary assistance" or, "where the use of individual contractors is expected to be heavy, an identifiable provision may be made for this purpose under contractual services".

29. The failure on the part of a number of Secretariat units to observe the distinction between consultants and individual contractors is attributable in part to the less than clear definitions of those terms given in the existing administrative instructions. In any event, such failure has evidently affected the Secretariat's ability to properly report on and account for the number and cost of consultants engaged by the United Nations. OIOS cannot exclude that such failure may, in some cases, have resulted in individuals performing consultancy functions being charged against funds for individual contractors. However, OIOS has not found any evidence of such instances.

30. In the process of obtaining and examining data from IMIS, OIOS noted that the relevant module of that system had been devised to receive and process data for 13 "payee types", only 4 of which are currently used, namely "consultants", "individual contractors", "other person" and "staff member". OIOS believes that this capacity could be better utilized in order to distinguish between the different categories of personnel which need to be reported on and accounted for separately by the Secretariat. The audit also indicated that the IMIS module did not provide sufficient validation checks to automatically flag data which are inconsistent with the budget code used. A validation check could, for example, caution against a set of entries for a consultant if the object of expenditure code being entered is other than that uniquely assigned for consultants' fees (0111, previously 041).

31. With regard to the log-related shortcomings cited above, OIOS noted that the General Assembly, in its resolution 51/226, had endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions calling upon the Secretariat to "resume the past practice of submitting, on a biennial basis and in conjunction with the report requested by the Committee on the hiring of retired staff, a report on the hiring and use of consultants, following the format of past reports on the subject". This provides another reason for the Secretariat to improve its data recording and reporting facilities by addressing the existing shortcomings concerning the logs as well as the IMIS personnel module. According to the Chief of the IMIS project, "*the log can be maintained exclusively by the duty stations where IMIS Release 3 has been implemented. IMIS has been designed to meet the requirements indicated by OIOS but interim solutions have to be found until IMIS Release 3 is implemented worldwide.*" OIOS is aware that considerable effort is needed for the reconciliation of data during the transitional period.

OIOS recommends that:

(a) The various logs required under the relevant administrative instructions, which are currently maintained manually, should be maintained instead on a computerized basis, using the IMIS personnel module where IMIS Release 3 is operational, that appropriate interim arrangements should be adopted at those duty stations where IMIS Release 3 is not yet operational (AH97/28/3/010);

(b) To the extent necessary, appropriate modifications should be made to the IMIS personnel module to ensure that data pertaining to the various categories of personnel referred to in the existing guidelines (consultants, participants in advisory

meetings, individual contractors, institutional or corporate contractors, technical cooperation personnel, experts on mission, and operational, executive and administrative services (OPAS) officers) are recorded and can be reported on separately (AH97/28/3/011);

(c) New control procedures should be set up and incorporated in the revised guidelines with clearer definitions of terms, to ensure that the distinction between consultants and various other categories of personnel engaged under Special Service Agreements is strictly observed in determining the need for such personnel and in recording all relevant data pertaining to their engagement (AH97/28/3/012); and

(d) The revised guidelines should provide for a new term – "institutional or corporate consultants" – to refer to institutions, corporations or other similar entities called upon to perform consultancy functions for the Organization, to differentiate them from those entities, currently referred to as institutional or corporate contractors, that are hired to perform non-consultancy functions (AH97/28/3/013).

(*Signed*) Karl Th. **Paschke**
Under-Secretary-General for
Internal Oversight Services

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Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Protection Force (UNPROFOR), the United Nations Confidence Restoration Operation in Croatia (UNCRO), the United Nations Preventive Deployment Force (UNPREDEP) and the United Nations Peace Forces headquarters (UNPF) for the period from 1 July 1996 to 30 June 1997. The report also provides information on the liquidation tasks not completed as at 30 June 1997.

A total amount of $50,247,200 gross ($46,951,000 net), inclusive of $1,193,200 for the support account for peacekeeping operations, was appropriated by the General Assembly in its resolution 51/12 B of 13 June 1997 for the liquidation of UNPROFOR and UNCRO as well as for the provision of central support by UNPF to the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES), the United Nations Mission in Bosnia and Herzegovina (UNMIBH) and the United Nations Preventive Deployment Force (UNPREDEP). The performance report reflects expenditures of $46,780,000 gross ($42,856,800 net), resulting in an unencumbered balance of $3,467,200 gross ($4,094,200 net). Of this, an amount of $1,199,200 gross ($1,070,300 net) has been concurred in by the Advisory Committee on Administrative and Budgetary Questions for completion of the liquidation tasks.

The actions to be taken by the General Assembly are shown in paragraph 27 of the present report.

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I. Introduction

1. The present report contains the performance report of the United Nations Peace Forces (UNPF) for the period from 1 July 1996 to 30 June 1997. During the 12-month period UNPF carried out the liquidation of the United Nations Protection Force (UNPROFOR) and the United Nations Confidence Restoration Operation in Croatia (UNCRO) and provided central support in the areas of communications and air operations to the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES), the United Nations Mission in Bosnia and Herzegovina (UNMIBH) and the United Nations Preventive Deployment Force (UNPREDEP).

2. The General Assembly authorized the Secretary-General to enter into commitments totalling $50,247,000 gross ($46,951,000 net) for UNPF as follows: (a) $18,693,450 gross ($17,361,600 net) for the period from 1 July to 30 September 1996 by its resolution 50/235 of 7 June 1996; (b) $6,231,150 gross ($5,787,200 net) for the period from 1 to 31 October 1996 by its decision 50/410 C of 17 September 1996; (c) $12,462,300 gross ($11,574,400 net) for the period from 1 November to 31 December 1996 by its resolution 51/12 of 4 November 1996; and (d) $12,860,300 gross ($12,227,800 net) for the period from 1 January to 30 June 1997 by its decision 51/457 of 18 December 1996. An amount of $50,247,200 gross ($46,951,000 net) was subsequently appropriated for the period from 1 July 1996 to 30 June 1997 by the General Assembly in its resolution 51/12 B of 13 June 1997. This amount was assessed on Member States.

3. The budget contained in annex I of the report of the Secretary-General of 29 March 1996 (A/50/696/Add.5), amounted to $49,389,000 gross ($45,837,200 net) and provided for the liquidation of UNPROFOR and UNCRO for the period from 1 July 1996 to 28 February 1997 at an estimated cost of $40,171,600 gross ($37,116,100 net) and for the provision of central support to UNTAES, UNMIBH and UNPREDEP for the period from 1 July 1996 to 30 June 1997 at an estimated cost of $9,217,400 gross ($8,721,100 net).

4. In its report of 6 May 1996 (A/50/903/Add.1), the Advisory Committee on Administrative and Budgetary Questions recommended reductions totalling $335,000 and that the General Assembly appropriate a total amount of $49,054,000 gross for the period from 1 July 1996 to 30 June 1997.

5. In addition to the amounts recommended by the Advisory Committee, the prorated share for UNPF of the support account for peacekeeping operations was $1,193,200, as shown in the annex of the report of the Secretary-General of 17 October 1996 (A/C.5/51/8). The total recommended appropriation for UNPF for the period from 1 July 1996 to 30 June 1997 was therefore $50,247,200 gross.

6. In his letter to the Chairman of the Advisory Committee on Administrative and Budgetary Questions dated 30 September 1996, the Controller informed the Committee of revisions to the liquidation staffing requirements and other operational requirements, the cost of which could be accommodated within the resources already recommended by the Advisory Committee. The General Assembly was advised of these revisions in paragraphs 35 to 42 of the Secretary-General's financing report on UNPF of 2 December 1996 (A/51/701), which contained the financial performance report for the period from 1 January to 30 June 1996.

II. Financial performance report for the period from 1 July 1996 to 30 June 1997

7. The expenditures recorded for UNPF for the period 1 July 1996 to 30 June 1997 amounted to $46,780,000 gross ($42,856,800 net), resulting in an unencumbered balance of $3,467,200 gross ($4,094,200 net) from the appropriation of $50,247,200 gross ($46,951,000 net). Of this unencumbered balance, the concurrence of the Advisory Committee on Administrative and Budgetary Questions has been obtained to utilize an amount of $1,199,200 gross ($1,070,300 net) to meet the cost of completing the liquidation of the mission. The savings were primarily due to lower requirements for environmental clean-up and settlement of third-party liability claims.

8. In addition to the unencumbered balance reported in paragraph 7 above, an obligation raised in the amount of $118,200 for fixed-wing liability insurance is not required for the reasons stated in paragraph 53 of annex II.B and will be liquidated.

9. Annex I to the present report sets out by budget line item the revised budget of the Secretary-General for UNPF as per annex V of his report of 2 December 1996 (A/51/701) (column 1), the apportionment based on the appropriation provided by the General Assembly in its resolution 51/12 B of 13 June 1997 (column 2), as well as the non-recurrent expenditures (column 3) and recurrent expenditures (column 4). The unliquidated obligations are shown in column 6. Supplementary information in respect of the expenditures is contained in annex II and the planned and actual deployment of military and civilian personnel are shown in annex III.

III. Requirements for completion of the liquidation tasks

10. In his letter of 28 July 1997 to the Chairman of the Advisory Committee, the Controller informed him that significant progress had been achieved at 30 June 1997 in the finalization of the liquidation tasks of the largest and most complex peacekeeping mission. However, owing to the highly complicated character of various outstanding tasks, decisions on their handling had not yet been taken by that date. The residual liquidation tasks included the following:

(a) Oversight and completion of the auctioning of surplus UNPF assets. Following the holding of the auction on 10 and 11 July 1997, it was necessary to close the contract with the auctioneer, receive and record the proceeds and effect payment to the vendor. Disposal of the remaining assets by scrapping required an additional three weeks thereafter;

(b) The conclusion of negotiations with international service agencies on claims for damages and other disputes, which continued well into July 1997;

(c) The disposal by scrapping of 70 remaining armoured personnel carriers;

(d) The environmental clean-up of Camp Pleso in Zagreb and handing over the remaining unutilized premises to the Croatian authorities;

(e) Closing the inventory records and finalizing the mission assets disposal report;

(f) Closing of the account for the period ended 30 June 1997, preparation of the financial performance report and analysis of some ledger accounts covering five years' transactions;

(g) Processing of third-party and insured and uninsured claims against the Organization through the UNPF Local Claims Review Board, with the exception of the claims of the Government of Bosnia and Herzegovina, in accordance with paragraph 10 of General Assembly resolution 51/12;

(h) Addressing issues raised by the team of external auditors who arrived in Zagreb during the second week of July.

11. In order to complete the above-mentioned tasks, it was necessary to retain 22 international staff and 20 local staff in Zagreb up to 15 August 1997. Thereafter, 36 work/months would be needed in New York to handle a number of long-term mission liquidation activities, including reconciliation/reimbursement to troop-contributing countries for contingent-owned equipment, the settlement of third-party claims and commercial disputes, addressing audit observations, closing of accounts and follow-up on accounts receivable and write-off cases. A team of one international supervisor and seven local staff would also be required in Zagreb to service and research archives and provide information to Headquarters and eventually to prepare the archives for shipment to New York. These requirements for the completion of the liquidation tasks were estimated at $1,199,200 gross ($1,070,300 net) and could be met from the preliminary unencumbered balance for the period ending 30 June 1997. Information on the cost estimates is contained in annexes IV and V.

12. The concurrence of the Advisory Committee to utilize an amount of $1,199,200 gross ($1,070,300 net) from the resources provided for the period ending 30 June 1997 in order to meet the cost of completing the liquidation of the mission was contained in a letter to the Secretary-General dated 29 July 1997.

13. The tasks listed in paragraph 10 (a), (b), (c), (d), (e) and (h) have been completed.

IV. Observations and comments on previous recommendations of the Advisory Committee on Administrative and Budgetary Questions

14. In its report of 14 April 1997 (A/51/872), the Advisory Committee requested additional information in respect of the following items.

15. Reimbursement for non-budgeted contingent costs (paragraph 11). The performance report covering the period from 1 January to 30 June 1996 (A/51/701) included an amount of $2,598,900 in respect of reimbursement of troop costs ($1,993,600) and clothing and equipment allowance ($137,200) for one infantry battalion and one logistic unit for the period from 20 December 1995 until early March 1996, as well as their repatriation travel ($468,100). Provision for those items was included in the performance report as a result of a meeting in mid-October 1996 with representatives of the troop-contributing Government who conveyed the Government's request for reimbursement on the grounds that the troops had remained in UNPROFOR up to the dates of their repatriation. However, the December 1995 military strength report submitted by UNPF had reflected the loss of those troops on 20 December 1995, the date of transfer of authority from UNPROFOR to IFOR. The matter was still under review at the time of preparation of the performance report in November 1996.

16. The claim for repatriation travel has been settled. With regard to troop reimbursement, a comprehensive examination of all available documentation, both in Zagreb and New York, is being carried out by the Department of Peacekeeping Operations and the matter remains under review.

17. Legal claim in respect of the rations contract (paragraph 13). The non-payment of invoices in respect of the provision of goods and services that were not specified in the contract has led to the submission of a legal claim by the vendor. The claim is currently under arbitration and is expected to be completed within the next four months. The arbitration procedures followed by the United Nations were provided to the Advisory Committee on 2 April 1997.

18. Overexpenditure for international contractual personnel (paragraph 16). A detailed breakdown of expenditures amounting to $14,128,700 for international contractual personnel (ICP) for the period from 1 January to 30 June 1996 is shown in the table below:

Expenditures	*Amount (United States dollars)*	*Description*
Monthly salary costs	12 427 567	Actual average monthly cost per international contractual personnel was $2,927, which was in fact $215 less than the estimated amount of $3,142.
Overtime payments	295 506	27,890 hours.
Commutation of annual leave	196 093	2,024 days or 15,180 hours.
Additional meal allowances	70 274	With the closure of United Nations catering facilities in UNMIBH, this additional allowance was introduced in March 1996 to compensate the international contractual personnel for extra costs incurred.
Hazard duty pay	351 840	For prior period, November and December 1995.
Hazard duty pay	787 420	Payment was made for 1,312 work/months for the period from 1 January to 30 June 1996.
Total expenditures	**14 128 700**	

19. The extent of support provided to the three new missions hampered UNPF's own liquidation projects, in particular in the areas of transportation and engineering. To alleviate the situation, and given the requirements of all the missions, the most cost-effective option was to grant overtime and to compensate international contractual personnel for annual leave not taken. It should be noted that the overtime and annual leave compensation was paid at straight time (not time and a half) and various administrative costs that are generally paid to the international service agencies were not applicable in these cases.

20. In the case of overtime and annual leave, 75 per cent pertained to work of heavy cargo truck drivers. As none of the new missions possessed third-line heavy transport capability, they relied upon UNPF to provide theatre-wide movement support throughout the former Yugoslavia. The statistics show that the majority of the drivers on overtime were carrying out support tasks for the new missions. Since local drivers were not authorized to cross confrontation lines, only international drivers, that is, international contractual personnel, could be used. Additionally, overtime was necessary owing to the long distances travelled, as most trips took more than eight hours from loading to delivery. Overtime compensation granted to the Engineering Section constituted 7 per cent of total overtime amount and these

hours were mainly dedicated to the delivery, construction and set up of prefabricated buildings in UNTAES. Another 10 per cent of overtime reflected the work carried out by international contractual personnel charged with repair and refurbishment of vehicles earmarked for the new missions.

21. The expenditures of $14,128,700 reported in the field accounts as at 30 June 1996 and in the performance report included an amount of $870,000 in respect of costs for international contractual personnel that were also charged to UNTAES, UNMIBH and UNPREDEP. The corresponding credit was recorded in the UNPF accounts in November 1996 as refund of prior mandate account. The adjusted expenditures for international contractual personnel for the six-month period ending 30 June 1996 were therefore $13,258,700, $407,500 less than the apportionment of $13,666,200.

22. Inventory control and assets management (paragraphs 19 and 20). Based on the problems identified by the Board of Auditors in its report,[1] the following corrective measures have been taken:

(a) UNPF internally reassigned suitable personnel and additional qualified personnel were deployed to Zagreb to reinforce the mission's Property Control Unit. In addition, the Unit was removed from the Supply and Property Management Section and established as a separate office reporting to the Director of Administration. These measures considerably improved control over non-expendable property;

(b) UNPF implemented a complicated and time-consuming exercise of converting multiple inventory databases, supported by individual asset managers, into a single, unified mission-wide inventory database based on the REALITY system's fixed assets module. The mission also verified the purchase orders and receipt and inspection information and conducted numerous physical inventory checks to ensure completeness of its central inventory;

(c) A Special Asset Inventory Unit was established with the primary task of collecting and consolidating all data on non-expendable property held in various sections of the mission. The Unit introduced detailed formal procedures to control all changes on the inventory database;

(d) Recognizing the overall need for a reliable inventory control system, the Field Administration and Logistics Division commenced development and implementation of the new automated field assets control and management system, which fulfils information requirements and provides Headquarters with near real-time visibility of all the items of United Nations-owned non-expendable property in storage or in use in the field missions. This development was reported to the General Assembly in the Secretary-General's report of 31 July 1997 (A/51/957).

23. Valuation of voluntary contributions in-kind (paragraph 21). In paragraph 8 of its resolution 50/235, the General Assembly requested the Secretary-General to clarify, in consultation with the Member State(s) concerned, the value, calculated according to standard United Nations procedures, of those budgeted contributions in kind which served to reduce the amount assessed on Member States for the rapid reaction capacity, and to report thereon to the General Assembly as soon as possible.

24. A detailed review of the supporting documentation provided by the donor in respect of equipment, services and supplies provided to the rapid reaction capacity has just been completed. The donor Government is being informed of the outcome of that review and the detailed valuation will be included in the final financing report on UNPF.

25. Reimbursement of consumables (paragraph 22). The estimate of $70 million for consumables was arrived at using all available information at the time, which included 24 completed in-surveys with documented and quantifiable consumables. The policy that was used to arrive at the estimate was that rations and petrol, oil and lubricants are to be reimbursed at 100 per cent. The remaining category of consumables is reimbursed based on consumption reports verified by the field missions. If verification reports are not available, the reimbursement rate is negotiated with the troop-contributing country and usually results in an average settlement between 25 and 35 per cent. With all of the in-surveys now completed and troop-contributing countries having selected whether to be reimbursed under the new or old system, requirements for consumables are currently estimated at $120,749,841.

26. Recovery of losses resulting from violation of the status-of-forces agreements (paragraphs 25 and 26). The UNPF Legal Office has prepared a compendium of status-of-forces agreement violations, which will be issued as a report to the General Assembly. Notes verbales are being prepared to the Permanent Missions of the host Governments of the countries of the former Yugoslavia containing special tabulations of outstanding amounts claimed from them by the Organization for charges levied on UNPF in violation of the status-of-forces agreements.

V. Action to be taken by the General Assembly at its fifty-second session

27. The actions to be taken by the General Assembly at its fifty-second session in connection with the financing of UNPROFOR, UNCRO, UNPREDEP and UNPF headquarters are as follows:

(a) A decision to authorize the Secretary-General to utilize an amount of $1,199,200 gross ($1,070,300 net) from the resources provided for the period ending 30 June 1997 in order to meet the cost of completing the liquidation of the mission, as already concurred in by the Advisory Committee on Administrative and Budgetary Questions;

(b) A decision on the treatment of the remaining unencumbered balance of $2,275,200 gross ($3,023,900 net) for the period ending 30 June 1997.

Notes

[1] *Official Records of the General Assembly, Fifty-first Session, Supplement No. 5* (A/51/5), vol. II, chap. II.

Annex I

Financial performance report for the period from 1 July 1996 to 30 June 1997: summary statement

(Thousands of United States dollars)

	(1) Cost estimates	(2) Apportionment	(3) Non-recurrent expenditures	(4) Recurrent expenditures	(5) Total expenditures (3+4)	(6) Unliquidated obligations	(7) Variance (2-5)
1. Military personnel costs							
(a) Military observers	—	—	—	—	—	—	—
(b) Military contingents							
Standard troop cost reimbursement	1 183.8	1 183.8	—	647.1	647.1	440.7	536.7
Welfare	15.9	15.9	—	3.4	3.4	—	12.5
Rations	—	—	—	—	—	—	—
Daily allowance	43.4	43.4	—	23.5	23.5	—	19.9
Mission subsistence allowance	678.9	678.9	—	408.1	408.1	—	270.8
Emplacement, rotation and repatriation of troops	54.4	54.4	—	83.0	83.0	14.0	(28.6)
Clothing and equipment allowance	78.1	78.1	—	39.1	39.1	25.5	39.0
Subtotal	**2 054.5**	**2 054.5**	**—**	**1 204.2**	**1 204.2**	**480.2**	**850.3**
(c) Other costs pertaining to military personnel							
Contingent-owned equipment	616.0	616.0	—	616.0	616.0	616.0	—
Death and disability compensation	40.0	40.0	—	40.0	40.0	40.0	—
Subtotal	**656.0**	**656.0**	**—**	**656.0**	**656.0**	**656.0**	**—**
Total, line 1	**2 710.5**	**2 710.5**	**—**	**1 860.2**	**1 860.2**	**1 136.2**	**850.3**
2. Civilian personnel costs							
(a) Civilian police							
(b) International and local staff							
International staff salaries	8 741.3	8 741.3	—	12 235.5	12 235.5	—	(3 494.2)
Local staff salaries	2 843.6	2 843.6	—	2 605.7	2 605.7	—	237.9
Consultants	—	—	—	37.2	37.2	3.7	(37.2)
Overtime	25.0	25.0	—	65.4	65.4	—	(40.4)
General temporary assistance	300.0	300.0	—	1 042.5	1 042.5	—	(742.5)
Common staff costs	5 309.6	5 309.6	—	7 755.0	7 755.0	452.0	(2 445.4)
Mission subsistence allowance	5 364.0	5 364.0	—	5 081.2	5 081.2	—	282.8
Other travel costs	117.4	112.4	—	191.6	191.6	39.3	(79.2)
Subtotal	**22 700.9**	**22 695.9**	**—**	**29 014.1**	**29 014.1**	**495.0**	**(6 318.2)**

	(1) Cost estimates	(2) Apportionment	(3) Non-recurrent expenditures	(4) Recurrent expenditures	(5) Total expenditures (3+4)	(6) Unliquidated obligations	(7) Variance (2-5)
(c) International contractual personnel	2 513.3	2 513.3	—	1 597.7	1 597.7	550.7	915.6
(d) United Nations Volunteers	—	—	—	—	—	—	—
(e) Government-provided personnel	—	—	—	—	—	—	—
(f) Civilian electoral observers	—	—	—	—	—	—	—
Total, line 2	**25 214.2**	**25 209.2**	**—**	**30 611.8**	**30 611.8**	**1 045.7**	**(5 402.6)**
3. Premises/accommodation							
Rental of premises	384.0	384.0	—	674.4	674.4	429.0	(290.4)
Alteration and renovation of premises	—	—	—	—	—	—	—
Maintenance supplies	120.4	120.4	—	41.1	41.1	—	79.3
Maintenance services	120.4	120.4	—	47.5	47.5	5.0	72.9
Utilities	564.8	564.8	—	206.3	206.3	45.5	358.5
Construction/prefabricated buildings	—	—	—	—	—	—	—
Total, line 3	**1 189.6**	**1 189.6**	**—**	**969.3**	**969.3**	**479.5**	**220.3**
4. Infrastructure repairs	**—**	**—**	**—**	**—**	**—**	**—**	**—**
5. Transport operations							
Purchase of vehicles	—	—	—	15.6	15.6	—	(15.6)
Rental of vehicles	20.0	20.0	—	19.5	19.5	—	0.5
Workshop equipment	—	—	—	—	—	—	—
Spare parts, repairs and maintenance	739.8	739.8	—	368.7	368.7	219.5	371.1
Petrol, oil and lubricants	215.7	215.7	—	72.9	72.9	20.1	142.8
Vehicle insurance	16.0	16.0	—	22.0	22.0	16.8	(6.0)
Total, line 5	**991.5**	**991.5**	**—**	**498.7**	**498.7**	**256.4**	**492.8**
6. Air operations							
(a) Helicopter operations	—	—	—	—	—	—	—
(b) Fixed-wing aircraft							
Hire/charter costs	515.7	515.7	—	722.6	722.6	39.2	(206.9)
Aviation fuel and lubricants	437.2	437.2	—	159.3	159.3	—	277.9
Positioning/depositioning costs	—	—	—	—	—	—	—
Painting/preparation	—	—	—	—	—	—	—
Resupply flights	—	—	—	—	—	—	—
Liability and war-risk insurance	240.0	240.0	—	120.0	120.0	118.2	120.0
Subtotal	**1 192.9**	**1 192.9**	**—**	**1 001.9**	**1 001.9**	**157.4**	**191.0**
(c) Aircrew subsistence allowance	48.0	48.0	—	21.0	21.0	—	27.0
(d) Other air operation costs							
Air traffic control services and equipment	—	—	—	—	—	—	—

	(1) Cost estimates	(2) Apportionment	(3) Non-recurrent expenditures	(4) Recurrent expenditures	(5) Total expenditures (3+4)	(6) Unliquidated obligations	(7) Variance (2-5)
Landing fees and ground handling	1 260.0	1 260.0	—	138.6	138.6	6.1	1 121.4
Fuel storage and containers	—	—	—	—	—	—	—
Subtotal	**1 260.0**	**1 260.0**	**—**	**138.6**	**138.6**	**6.1**	**1 121.4**
Total, line 6	**2 500.9**	**2 500.9**	**—**	**1 161.5**	**1 161.5**	**163.5**	**1 339.4**
7. Naval operations	**—**	**—**	**—**	**—**	**—**	**—**	**—**
8. Communications							
(a) Complementary communications							
Communications equipment	—	—	—	24.2	24.2	—	(24.2)
Spare parts and supplies	120.0	120.0	—	101.9	101.9	32.3	18.1
Workshop and test equipment	—	—	—	—	—	—	—
Commercial communications	671.4	671.4	—	973.3	973.3	1 928.0	(301.9)
Subtotal	**791.4**	**791.4**	**—**	**1 099.4**	**1 099.4**	**1 960.3**	**(308.0)**
(b) Main trunking contract	—	—	—	—	—	—	—
Total, line 8	**791.4**	**791.4**	**—**	**1 099.4**	**1 099.4**	**1 960.3**	**(308.0)**
9. Other equipment							
Office furniture	—	—	—	—	—	—	—
Office equipment	—	—	—	—	—	—	—
Data-processing equipment	70.0	70.0	27.0	—	27.0	5.3	43.0
Generators	—	—	—	—	—	—	—
Observation equipment	—	—	—	—	—	—	—
Petrol tank plus metering equipment	—	—	—	—	—	—	—
Water and septic tanks	—	—	—	—	—	—	—
Medical and dental equipment	—	—	—	—	—	—	—
Accommodation equipment	—	—	—	—	—	—	—
Refrigeration equipment	—	—	—	—	—	—	—
Miscellaneous equipment	—	—	4.5	—	4.5	1.0	(4.5)
Field defence equipment	—	—	—	—	—	—	—
Spare parts, repairs and maintenance	159.8	159.8	—	101.4	101.4	10.1	58.4
Water-purification equipment	—	—	—	—	—	—	—
Total, line 9	**229.8**	**229.8**	**31.5**	**101.4**	**132.9**	**16.4**	**96.9**
10. Supplies and services							
(a) Miscellaneous services							
Audit services	117.0	117.0	—	102.8	102.8	102.8	14.2
Contractual services	3 357.5	3 357.5	—	666.1	666.1	230.8	2 691.4
Data-processing services	—	—	—	—	—	—	—

	(1) Cost estimates	(2) Apportionment	(3) Non-recurrent expenditures	(4) Recurrent expenditures	(5) Total expenditures (3+4)	(6) Unliquidated obligations	(7) Variance (2-5)
Security services	48.0	48.0	—	(8.5)	(8.5)	—	56.5
Medical treatment and services	—	—	—	3.6	3.6	—	(3.6)
Claims and adjustments	5 500.0	5 500.0	—	2 551.6	2 551.6	2 306.8	2 948.4
Official hospitality	10.0	10.0	—	1.4	1.4	0.9	8.6
Miscellaneous other services	400.0	400.0	—	75.5	75.5	7.2	324.5
Subtotal	**9 432.5**	**9 432.5**	**—**	**3 392.5**	**3 392.5**	**2 648.5**	**6 040.0**
(b) Miscellaneous supplies							
Stationery and office supplies	54.7	54.7	—	87.4	87.4	3.7	(32.7)
Medical supplies	—	—	—	—	—	—	—
Sanitation and cleaning materials	36.5	36.5	—	3.3	3.3	2.5	33.2
Subscriptions	1.6	1.6	—	1.0	1.0	—	0.6
Electrical supplies	70.4	70.4	—	24.6	24.6	6.8	45.8
Ballistic-protective blankets for vehicles	—	—	—	—	—	—	—
Uniform items, flags and decals	14.0	14.0	—	1.1	1.1	1.0	12.9
Field defence stores	—	—	—	—	—	—	—
Operational maps	—	—	—	—	—	—	—
Quartermaster and general stores	25.2	25.2	—	67.1	67.1	4.9	(41.9)
Subtotal	**202.4**	**202.4**	**—**	**184.5**	**184.5**	**18.9**	**17.9**
Total, line 10	**9 634.9**	**9 634.9**	**—**	**3 577.0**	**3 577.0**	**2 667.4**	**6 057.9**
11. Election-related supplies and services	—	—	—	—	—	—	—
12. Public information programmes							
Equipment	—	—	—	—	—	—	—
Materials and supplies	—	—	—	—	—	—	—
Contractual services	—	—	—	—	—	—	—
Office of Communication and Public Information production costs	330.0	—	—	—	—	—	—
Total, line 12	**330.0**	**—**	**—**	**—**	**—**	**—**	**—**
13. Training programmes							
Consultants	—	—	—	—	—	—	—
Consultants' travel	—	—	—	—	—	—	—
Training equipment	—	—	—	—	—	—	—
Training materials	—	—	—	—	—	—	—

	(1) Cost estimates	(2) Apportionment	(3) Non-recurrent expenditures	(4) Recurrent expenditures	(5) Total expenditures (3+4)	(6) Unliquidated obligations	(7) Variance (2-5)
Miscellaneous services	—	—	1.4	—	1.4	—	(1.4)
Total, line 13	**—**	**—**	**1.4**	**—**	**1.4**	**—**	**(1.4)**
14. Mine-clearing programmes	**—**	**—**	**—**	**—**	**—**	**—**	**—**
15. Assistance for disarmament and demobilization	**—**	**—**	**—**	**—**	**—**	**—**	**—**
16. Air and surface freight							
Transport of contingent-owned equipment	—	—	—	33.1	33.1	33.1	(33.1)
Military airlifts	—	—	—	—	—	—	—
Commercial freight and cartage	2 500.0	2 500.0	—	1 718.3	1 718.3	911.1	781.7
Total, line 16	**2 500.0**	**2 500.0**	**—**	**1 751.4**	**1 751.4**	**944.2**	**748.6**
17. United Nations Logistics Base, Brindisi	**—**	**—**	**—**	**—**	**—**	**—**	**—**
18. Support account for peacekeeping operations	**—**	**1 193.2**	**—**	**1 193.2**	**1 193.2**	**—**	**—**
19. Staff assessment							
Staff assessment, international staff	2 635.4	2 635.4	—	2 806.9	2 806.9	—	(171.5)
Staff assessment, local staff	660.8	660.8	—	1 116.3	1 116.3	—	(455.5)
Total, line 19	**3 296.2**	**3 296.2**	**—**	**3 923.2**	**3 923.2**	**—**	**(627.0)**
Total, lines 1-19	**49 389.0**	**50 247.2**	**32.9**	**46 747.1**	**46 780.0**	**8 669.6**	**3 467.2[a]**
20. Income from staff assessment	**(3 296.2)**	**(3 296.2)**	**—**	**(3 923.2)**	**(3 923.2)**	**—**	**627.0**
21. Voluntary contributions in kind (budgeted)	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total, lines 20-21	**(3 296.2)**	**(3 296.2)**	**—**	**(3 923.2)**	**(3 923.2)**	**—**	**627.0**
Gross requirements	49 389.0	50 247.2	32.9	46 747.1	46 780.0	8 669.6	3 467.2
Net requirements	46 092.8	46 951.0	32.9	42 823.9	42 856.8	8 669.6	4 094.2[a]
22. Voluntary contributions in kind (non-budgeted)	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total resources	**46 092.8**	**46 951.0**	**32.9**	**42 823.9**	**42 856.8**	**8 669.6**	**4 094.2**

[a] These amounts have been reduced to $2,275,200 gross ($3,023,900 net) after providing for the requirements for completion of the liquidation tasks.

Annex II

Financial performance report for the period from 1 July 1996 to 30 June 1997: supplementary information

A. Detailed variances in requirements and costs

Description	Estimate: Number of units	Estimate: Unit/daily/monthly/annual cost (United States dollars)	Actual: Number of units	Actual: Unit/daily/monthly/annual cost (United States dollars)	Explanation	Supplementary explanation (paragraphs in section B)
1. Military personnel costs						
(a) Military observers		—		—	No change.	—
(b) Military contingents						2-8
Standard troop cost reimbursement						
Average monthly strength	93		51		Deployment of fewer guards.	
Basic pay and allowance		1 102 600		603 700	*Idem.*	
Specialist allowance		81 200		43 400	*Idem.*	
Welfare						
Recreational leave		13 700		3 400	*Idem.*	
Recreational equipment		2 200		—		
Rations		—		—	No change.	
Daily allowance		43 400		21 400	Deployment of fewer guards.	
		—		2 100	Prior period expenditure.	
Mission subsistence allowance		678 900		267 800	Deployment of fewer guards/reduced allowance.	
		—		140 300	Prior period expenditure.	
Emplacement, rotation and repatriation of troops		54 400		43 000	Deployment of fewer guards.	
		—		40 000	Repatriation of Indonesian engineering battalion.	
Clothing and equipment allowance		78 100		39 100	Deployment of fewer guards.	
(c) Other costs pertaining to military personnel						9-10
Contingent-owned equipment		616 000		616 000	No change.	
Death and disability compensation		40 000		40 000	*Idem.*	
2. Civilian personnel costs						
(a) Civilian police		—		—	*Idem.*	—
(b) International and local staff						12-25
International staff salaries						
Total person/months						

Description	Estimate: Number of units	Estimate: Unit/daily/monthly/annual cost (United States dollars)	Actual: Number of units	Actual: Unit daily/monthly/annual cost (United States dollars)	Explanation	Supplementary explanation (paragraphs in section B)
Liquidation	1 688		1 615			
Central support	264		214			
Total cost		8 741 300		12 235 500	Delayed processing of personnel actions/late receipt of invoices.	
Local staff salaries						
Total person/months						
Liquidation	1 947		1 983			
Central support	456		449			
Total cost		2 843 600		2 605 700	Currency fluctuations/lower levels.	
Consultants		—		37 200	Settlement of prior period invoice.	
Overtime		25 000		65 400	Timely completion of tasks.	
General temporary assistance		300 000		1 042 500	Transition of local staff/hire of fewer international contractual personnel.	
Common staff costs		5 309 600		7 755 000	Delayed processing of personnel actions/late receipt of invoices.	
Mission subsistence allowance		5 364 000		5 081 200	Implementation of 123 fewer international person/months.	
Other travel costs		112 400		191 600	Negotiations on contingent-owned equipment/debriefing.	
(c) International contractual personnel						26
Total person/months	800		356			
Total cost		2 513 300		1 597 700	Retention of fewer personnel.	
(d) United Nations Volunteers		—		—	No change.	—
(e) Government-provided personnel		—		—	*Idem.*	—
(f) Civilian electoral observers		—		—	*Idem.*	—
3. Premises/accommodation						30-35
Rental of premises						
Accommodation of international contractual personnel		324 000		178 100	Retention of fewer international contractual personnel.	
Storage of mission records		60 000		60 000	No change.	
Accommodation of military staff officers		—		7 800	Lack of space at Camp Pleso.	

Description	Estimate: Number of units	Estimate: Unit/daily/monthly/annual cost (United States dollars)	Actual: Number of units	Actual: Unit/daily/monthly/annual cost (United States dollars)	Explanation	Supplementary explanation (paragraphs in section B)
Communications transmission site		—		11 500	Current period charge.	
				15 100	Prior period charge.	
Aircrew accommodation		—		20 600	July 1996-February 1997.	
Rental of premises in Mostar		—		18 200	*Ex post facto* payments for 1993/1994.	
Utilities		—		359 000	Charged to wrong object code.	
Maintenance services		—		4 100	*Idem.*	
Alteration and renovation of premises		—		—	No change.	
Maintenance supplies		120 400		41 100	Use of available stock.	
Maintenance services		120 400		47 500	Only necessary work carried out.	
Utilities		564 800		206 300	Funds for electricity were obligated under rental of premises.	
Construction/prefabricated buildings		—		—	No change.	
4. Infrastructure repairs		—		—	*Idem.*	—
5. Transport operations						37-45
Purchase of vehicles		—		15 600	Settlement of 1995 invoice.	
Rental of vehicles						
Specialized heavy-lift equipment		20 000		—	Not required.	
		—		15 300	*Ex post facto* purchase order.	
		—		4 200	Charges for 1993 rentals in Sector North.	
Workshop equipment		—		—		
Spare parts, repairs and maintenance						
Vehicle establishment		250 800		85 900	Lower requirements.	
Stock to be transferred		489 000		—	Change in policy.	
		—		217 800	Spare parts for July/August 1997.	
				65 000	Petrol for July/August 1997.	
Petrol, oil and lubricants		215 700		72 900	Lower requirements/use of stock.	
Vehicle insurance		16 000		22 000	Rate increase.	
6. Air operations						46-57
(a) Helicopter operations		—		—	No change.	

Description	Estimate: Number of units	Estimate: Unit daily/monthly/annual cost (United States dollars)	Actual: Number of units	Actual: Unit daily/monthly/annual cost (United States dollars)	Explanation	Supplementary explanation (paragraphs in section B)
(b) Fixed-wind aircraft						
Hire/charter costs						
Current period hire		515 700		458 100	Fewer flying hours.	
Prior period hire		—		110 000	16 June 1995-15 June 1996.	
Prior period hire				189 200	January-June 1996.	
Credit to UNPF				(34 700)	Flights on behalf of other missions.	
Aviation fuel and lubricants		437 200		159 300	Fewer flying hours.	
Positioning/depositioning costs		—		—	No change.	
Painting/preparation		—		—	*Idem.*	
Resupply flights		—		—	*Idem.*	
Liability and war-risk insurance		240 000		120 000	Change in contract terms.	
(c) Aircrew subsistence allowance		48 000		21 000	Reduced utilization of aircraft.	
(d) Other air operation costs						
Air traffic control services and equipment		—		—	No change.	
Landing fees and ground handling		1 260 000		138 600	Reduced flying hours/early termination of air contract.	
Fuel storage and containers		—		—	No change.	
7. Naval operations		—		—	*Idem.*	—
8. Communications						59-62
(a) Complementary communications						
Communications equipment		—		24 200	Air safety requirement.	
Spare parts and supplies						
Current period		120 000		88 800	$30,900 obligated against commercial communications.	
Prior period		—		13 100	Settlement of invoices.	
Workshop and test equipment		—		—	No change.	
Commercial communications						
Telephone, satellite, pouch		671 400		942 400	Higher number of international calls.	
Communication spare parts		—		30 900	Charged to wrong object code.	
(b) Main trunking contract		—		—	No change.	
9. Other equipment						63-76
Office furniture		—		—	*Idem.*	

Description	Estimate: Number of units	Estimate: Unit daily/monthly/annual cost (United States dollars)	Actual: Number of units	Actual: Unit daily/monthly/annual cost (United States dollars)	Explanation	Supplementary explanation (paragraphs in section B)
Office equipment		—		—	*Idem.*	
Data-processing equipment		70 000		27 000	Purchase of different items.	
Generators		—		—	No change.	
Observation equipment		—		—	*Idem.*	
Petrol tank plus metering equipment		—		—	*Idem.*	
Water and septic tanks		—		—	*Idem.*	
Medical and dental equipment		—		—	*Idem.*	
Accommodation equipment		—		—	No change.	
Refrigeration equipment		—		—	*Idem.*	
Miscellaneous equipment		—		4 500	Generator parts.	
Field defence equipment		—		—	No change.	
Spare parts, repairs and maintenance						
Office equipment		80 000		27 000	Lower requirements.	
Data-processing equipment		19 600		41 500	Higher requirements.	
Generators		40 400		—	Charged to miscellaneous equipment.	
Refrigerators and accommodation equipment		10 000		—		
Fuel tanks		9 800		—		
Other equipment		—		32 900		
Water-purification equipment		—			No change.	
10. Supplies and services						
(a) Miscellaneous services						77-84
Audit services		117 000		102 800	Reduced requirements.	
Contractual services						
Military laundry/dry-cleaning		27 900		45 300	Cleaning of 4,000 fragmentation jackets.	
Haircuts for military personnel		3 600		—		
Civilian laundry		16 000		—		
Environmental clean-up		3 000 000		209 800	Most costs charged to prior period obligation.	
Cleaning of premises		200 000		295 600		
Cleaning of septic tanks		100 000		—		
Technical repairs		10 000		—		
Packing and moving		—		55 400	Part of liquidation.	

Description	Estimate: Number of units	Estimate: Unit daily monthly annual cost (United States dollars)	Actual: Number of units	Actual: Unit daily monthly annual cost (United States dollars)	Explanation	Supplementary explanation (paragraphs in section B)
Post liquidation period requirements		—		60 000		
Data-processing services		—		—	No change.	
Security services		48 000		(8 500)		
Medical treatment and services		—		3 600	Treatment of military guards.	
Claims and adjustments		5 500 000		2 551 600	Settlement of fewer claims.	
Official hospitality		10 000		1 400	Stringent controls.	
Miscellaneous other services		400 000		75 500	Lower banking costs.	
						85-94
(b) Miscellaneous supplies						
Stationery and office supplies		54 700		87 400	Purchase of photocopy paper.	
Medical supplies		—		—	No change.	
Sanitation and cleaning materials		36 500		3 300	Most supplies drawn from stock.	
Subscriptions		1 600		1 000		
Electrical supplies		70 400		24 600	*Idem.*	
Ballistic-protective blankets for vehicles		—		—	No change.	
Uniforms items, flags and decals		14 000		1 100	Most supplies drawn from stock.	
Field defence stores		—		—	No change.	
Operational maps		—		—	No change.	
Quartermaster and general stores		25 200		67 100	Packing materials.	
11. Election-related supplies and services		—		—	No change.	—
12. Public information programmes		—		—	*Idem.*	—
13. Training programmes		—		1 400	Training in Lotus Notes.	97
14. Mine-clearing programmes		—		—	No change.	—
15. Assistance for disarmament and demobilization				—	*Idem.*	—
16. Air and surface freight						101-103
Transport of contingent-owned equipment		—		33 100	Transport of 15 vehicles.	
Military airlifts		—		—	No change.	
Commercial freight and cartage		2 500 000		1 718 300	Sale of equipment at auction.	
17. United Nations Logistics Base, Brindisi		—		—	No change.	—

Description	Estimate: Number of units	Estimate: Unit daily monthly/annual cost (United States dollars)	Actual: Number of units	Actual: Unit daily monthly/annual cost (United States dollars)	Explanation	Supplementary explanation (paragraphs in section B)
18. Support account for peacekeeping operations		1 193 200		1 193 200	*Idem.*	105
19. Staff assessment						106
Staff assessment, international staff		2 635 400		2 806 900		
Staff assessment, local staff		660 800		1 116 300		
20. Income from staff assessment						107
21. Voluntary contributions in kind (budgeted)		—				—
Gross requirements		50 247 200		46 780 000		
Net requirements		46 951 000		42 856 800		
22. Voluntary contributions in kind (non-budgeted)		—		—	No change.	
Total resources						
Gross requirements		50 247 200		46 780 000		
Net requirements		46 951 000		42 856 800		

B. Supplementary explanation

	Variance (United States dollars)
1. Military personnel costs	
(a) Military observers	—
1. No change.	
(b) Military contingents	850 300

2. *Standard troop cost reimbursement.* Requirements for military contingents were based on an average monthly strength of 93 military guards, the strength at the time the original requirements were formulated in early 1996, for a total of 1,116 person/months. The actual average monthly strength was lower, at 51, resulting in an unutilized balance of $536,700. The Finnish guard contingent was scaled down and then withdrawn from the mission area. It was only possible to obtain a limited number of replacements, namely, 47 Jordanian guards. Additionally, the move from the Ilica headquarters to Camp Pleso in September 1996 reduced the requirement for base guards. The detailed monthly deployment is shown in table 1.

Table 1
Monthly deployment

Month	*Arrivals*	*Departures*	*Month-end strength*	*Average strength*	*Budgeted strength*
30 June 1996			74		
July	—	1	73	74	
August	45	49	69	70	93
September	—	21	48	51	93
October	—	1	47	47	93
November	—	—	47	47	93
December	—	—	47	47	93
January 1997	—	1	46	46	93
February	—	—	46	46	93
March	—	—	46	46	93
April	—	—	46	46	93
May	—	—	46	46	93
June	—	45	1	45	93
Total	**45**	**118**		**51**	**93**

3. *Welfare.* Provision was made in the cost estimates for payment of recreational leave for an average strength of 93 troops ($13,700), plus $2,200 for the purchase of recreational equipment at $2 per person per month. Expenditures amounted to $3,400 as a result of the lower deployment of contingent personnel and the purchase of minimal recreational items.

4. *Rations.* No change.

5. *Daily allowance.* The cost estimates included provision for the payment of a daily allowance at $1.28 per person per day for 33,945 person/days ($43,400). Expenditures for the reporting period amounted to $21,400 owing to the deployment of fewer troops. The total expenditure of $23,500 included $2,100 for payments made in respect of the prior period.

6. *Mission subsistence allowance.* Provision was made under this heading for payment of a daily meal allowance of $20 per person for 33,945 person/days ($678,900) since no mess facilities were available. A further review by the mission indicated that an allowance of $14 would be sufficient to cover the cost of meals. As a result of the lower deployment level and the reduced daily allowance, expenditures amounted to $267,800. Additionally, there were charges of $140,300 for the settlement of advances made in prior periods for mission subsistence allowance, resulting in total expenditures of $408,100.

7. *Emplacement, rotation and repatriation of troops.* The cost estimates were based on 93 rotation trips at $390 per rotation ($36,300) and 93 repatriation trips at $195 each ($18,100). Actual expenditures were higher by $28,600, despite the deployment of fewer troops, owing to the decision to charge the repatriation of the Indonesian engineering battalion to UNPF ($40,000). This battalion had joined UNCRO in September 1995 for a one-year tour of duty. With the closure of UNCRO, it was agreed that since they were the only dedicated construction battalion, they would remain until July 1996 to set up the UNTAES infrastructure. Since they were initially part of UNPF, it was decided that the cost of their repatriation should be borne by that mission.

8. *Clothing and equipment allowance.* There was an unutilized balance of $39,000 under this heading owing to the lower troop strength.

(c) Other costs pertaining to military personnel ..... —

9. *Contingent-owned equipment.* No change.

10. *Death and disability.* The amount allocated under this heading has been fully obligated to cover potential claims from death, disability or injury of military personnel.

2. Civilian personnel costs

(a) Civilian police ..... —

11. No change.

(b) International and local salaries ..... (6 318 200)

12. The initial staffing requirements needed to implement the residual liquidation activities for the period from 1 July 1996 to 28 February 1997 were estimated at 2,833 person/months in the report of the Secretary-General of 29 March 1996 (A/50/696/Add.5), consisting of 2,000 international person/months and 833 local person/months. For budgetary purposes, the cost of the 2,000 international person/months had been calculated at the P-3 level. Additionally, budgetary provision was made for 21 international staff and 38 local staff throughout the 12-month period to provide central support to UNTAES, UNMIBH and UNPREDEP, as well as three international administrative assistants for the period from 1 March to 30 June 1997.

13. Once the liquidation was started on 1 July 1996, it became apparent that the original assumptions on which the staffing requirements had been based were no longer valid. Following a detailed review of the liquidation requirements in September 1996, and taking

into account the Organization's financial situation, it was decided to be very conservative in the use of international staff and to transfer labour-intensive tasks to local personnel as much as possible. Furthermore, maximum work had to be performed during summer months since the harsh autumn and winter weather in the Balkans hampered any effort, especially in the transportation area.

14. As a result of this review, it was determined that the following changes in staffing requirements were necessary: (a) a decrease in the number of international person/months from 2,000 to 1,688; and (b) an increase in the number of local person/months from 833 to 1,947. These changes resulted in a net increase of 802 person/months without additional cost because of the lower cost of local staff.

15. At the end of February 1997, a number of tasks remained outstanding, namely, the closing of financial records, settlement of third-party claims, completion of inventory categorization and the disposition of assets. It was therefore necessary to retain some staff up to 30 June 1997 to complete those tasks. The actual deployment of international personnel during the previous eight-month period amounted to 1,404 person/months compared with the revised planned deployment of 1,688 person/months. The requirement for 260 international person/months for the period from 1 March to 30 June 1997 were therefore covered within the 284 unutilized person/months of the previous period. Additionally, a total of 184 local person/months were provided under general temporary assistance during the period from 1 March to 30 June 1997, the cost of which was met from the redeployment of funds from other budget lines.

16. The detailed breakdown of monthly staffing for the liquidation of UNPF as originally envisaged in March 1996, as revised in September 1996 and February 1997, as well as the actual deployment, is shown in annex III.A.

17. The planned and actual deployment of personnel for central support is shown in annex III.B.

18. *International staff salaries.* The additional requirements of $3,494,200 were attributable to the following: (a) late receipt of invoices from the World Meteorological Organization ($68,400), the International Maritime Organization ($108,000), and the United Nations Office at Geneva ($185,800) for staff who served in prior periods; (b) retroactive special post allowance payments ($168,600); and (c) delays in the processing of personnel actions of UNPF staff who transferred to UNTAES, UNMIBH and UNPREDEP. Unutilized balances have been reported under this line item in the performance reports of those missions.

19. *Local staff salaries.* Budgetary provision was made for 2,403 person/months based on an annual cost of $14,200 at the G-4 level ($2,843,600). Actual costs for 2,432 person/months amounted to $2,605,700. The unutilized balance of $237,900 resulted from currency fluctuations and the fact that staff were retained at lower levels to offset the additional person/months being utilized.

20. *Consultants.* Expenditures of $37,200 were recorded for the settlement of services provided during a prior period by an expert who advised on carrying out a survey of contingent-owned equipment.

21. *Overtime.* There were additional requirements of $40,400 under this heading to allow local staff to complete required liquidation tasks in a timely manner. A review and strict monitoring of this item by the Director of Administration revealed that it was more cost- and time-efficient to grant overtime to local staff to complete tasks on time than to train remaining staff to take on new responsibilities and risk falling behind on other liquidation tasks.

22. *General temporary assistance.* Additional requirements amounted to $742,500 under this heading for the following: (a) salary charges of $197,300 for United Nations Environment Programme staff for the months of October, November and December 1996 and United Nations Office at Vienna staff for November and December 1996; (b) expenditures of $215,900 for the hire of local day labourers on an as-needed basis to perform such tasks as the repositioning of water tanks, septic tanks, fuel tanks, containers and other equipment within Camp Pleso in preparation for the sale and disposal of UNPF assets, as well as warehousing, stocking, inventory, packing of generators and defence materials, loading and unloading of sea containers and dismantling Rubb halls and Flospans and other manual labour tasks; and (c) the transition of local liquidation staff to general temporary assistance for the last several months in order to allow time for proper Pension Fund contribution calculations and closing of staff members' accounts prior to their departure ($329,300).

23. *Common staff costs.* Additional requirements of $2,445,400 resulted from the delayed processing of personnel actions of staff who transferred from UNPF to UNTAES, UNMIBH and UNPREDEP and the late receipt of billings from offices away from Headquarters for staff who served with UNPF during prior periods.

24. *Mission subsistence allowance.* Provision was made in the cost estimates for payment of mission subsistence allowance for 729 person/days at $99 per day for staff at the D-2 and D-1 levels ($72,200) and for 58,798 person/days at a rate of $90 per day ($5,291,800), for a total of $5,364,000. The unutilized balance of $282,200 resulted from the implementation of 123 fewer person/months.

25. *Other travel costs.* There were additional requirements of $79,200 under this heading to meet the cost of the following: (a) travel of personnel from New York to Zagreb on several occasions for discussions and negotiations with representatives of Member States and mission personnel regarding contingent-owned equipment; (b) travel of Property Control Unit staff members to New York for negotiations on contingent-owned equipment; (c) travel to Brindisi to inspect armoured personnel carriers; (d) travel of senior managers to New York for debriefings and meetings; (e) travel of the resident auditor to New York for debriefing; (f) travel of a Field Service member of the Promotion Board to attend meetings; and (g) other travel within the mission area.

(c) International contractual personnel 915 600

26. The unutilized balance of $915,600 under this heading was due mainly to the fact that the cost estimates provided for 800 person/months whereas only 356 person/months were implemented. The initial estimate of 800 person/months was calculated on the estimated work/months needed to accomplish certain tasks. As the work progressed quicker than anticipated, the contracts were allowed to expire. Additionally, however, payments amounting to $265,800 were made in respect of accrued leave allowance payable to international contractual personnel upon their departure from the mission area. A total of 17 personnel were extended until early November 1996, but owing to the restructuring of tasks, those extensions were cancelled and compensation costs of $17,500 were incurred. A comparison of the planned and actual deployment of international contractual personnel is shown in table 2.

Table 2
Planned and actual deployment of international contractual personnel

Month	*Planned*	*Actual*
July 1996	350	173
August	250	125
September	150	48
October	50	10
Total	**800**	**356**

(d) United Nations Volunteers ..... —

27. No change.

(e) Government-provided personnel ..... —

28. No change.

(f) Civilian electoral observers ..... —

29. No change.

3. Premises/accommodation 220 300

30. *Rental of premises.* The cost estimates provided a total amount of $384,000 for accommodation of international contractual personnel ($324,000) and storage of the mission's files for three years ($60,000). Actual requirements for these items were lower by $145,900 owing to the lower number of international contractual personnel retained during the reporting period. The lower expenditures for the budgeted items were offset, however, by the following additional rent requirements: (a) accommodation of military staff officers owing to lack of space at Camp Pleso ($7,800); (b) prior period ($15,100) and current period ($11,500) charges for a communications transmission site; (c) aircrew accommodation from July 1996 to February 1997 ($20,600); and (d) post facto payments for rental of premises in Mostar in 1993 and 1994 ($18,200). Additionally, an amount of $359,000 was obligated under this heading to provide for utility charges for the post-liquidation period and billings for electricity not yet received from the Government of Croatia. An amount of $4,100 was also obligated to cover expenditures for post-liquidation maintenance services.

31. *Alteration and renovation of premises.* No change.

32. *Maintenance supplies.* An unutilized balance of $79,300 resulted from the fact that only minor, necessary repairs were carried out and whenever possible supplies were drawn from available stock.

33. *Maintenance services.* Expenditures were lower than the cost estimates since only mandatory maintenance services were undertaken.

34. *Utilities.* The unutilized balance of $358,500 is attributable to the fact that there were no water charges at Camp Pleso from 15 October 1996 onwards and the consolidation of the remaining personnel into fewer buildings, thus reducing the requirements for utilities. Additionally, an amount of $359,000 was obligated for utilities under rental of premises, as indicated in paragraph 30 above.

35. *Construction/prefabricated buildings.* No change.

4. Infrastructure repairs ..... —

36. No change.

5. Transport operations 492 800

37. The cost estimates provided for the operation and maintenance of 88 vehicles for liquidation, 23 vehicles for central support, one rented vehicle for six months and for the refurbishment of 489 vehicles to be transferred to other missions.

38. *Purchase of vehicles.* The expenditure of $15,600 related to the settlement of an invoice for two forklifts purchased in 1995.

39. *Rental of vehicles.* The cost estimates provided for the rental of one warehouse handling vehicle for six months, which was not required during the reporting period. The expenditures of $19,500 related to the issuance of a post facto purchase order to cover unpaid invoices received from a vendor and settlement of invoices for vehicles rented in December 1993 in Sector North.

40. *Workshop equipment.* No change.

41. *Spare parts, repairs and maintenance.* Provision had been made under this heading for requirements for 88 United Nations-owned vehicles needed for liquidation, 23 United Nations-owned vehicles for central support and one rented vehicle for a total amount of $240,700. Additionally, provision was made for the refurbishment of 489 vehicles prior to their transfer to other missions ($489,000).

42. As the mission downsized, the plan to have the vehicles refurbished by the UNPF liquidation staff was re-evaluated and it was apparent that this task could not be accomplished without jeopardizing the liquidation process and the time line. The refurbishment work was therefore not carried out in Zagreb and the vehicles were eventually transferred to the United Nations Logistics Base in Brindisi for the required work.

43. The expenditures of $368,700 included requirements of $85,900 for the reporting period and obligations amounting to $217,800 and $65,000 respectively for the cost of spare parts and petrol for the months of July and August 1997.

44. *Petrol, oil and lubricants.* Requirements under this heading had been estimated at a monthly cost of $221 per vehicle based on an average mileage of 1,670 kilometres per month and consumption of petrol at 4 kilometres per litre at a cost of $0.53 per litre. The cost estimates provided for 88 vehicles for 8 months ($155,600), 23 vehicles for 12 months ($61,000), one rented vehicle for 6 months ($1,300) and lubricants at 10 per cent of the total cost of petrol ($21,800), adjusted by an off-road factor of 10 per cent ($24,000), for a total of $215,700. Actual requirements for the reporting period amounted to $72,900 owing to lower utilization of petrol and the use of existing supplies.

45. *Vehicle insurance.* Additional requirements were due to the increase in insurance premiums. The cost estimates were based on an annual cost of $250 per vehicle, whereas the annual premium was increased to $525 as at 1 June 1996.

6. Air operations

(a) Helicopter operations ..... —

46. No change.

(b) *Fixed-wing aircraft* 191 000

47. The cost estimates provided for the hire of one commercially rented AN-26 aircraft for 12 months at a monthly rate of $35,775 for 75 block hours ($429,300) and $7,200 for 40 extra hours ($86,400). The aircraft lease was terminated on 15 March 1997. The planned and actual monthly flying hours are shown in table 3.

Table 3
Planned and actual flying hours

Month	*Planned*	*Actual*
July 1996	115	84.4
August	115	87.6
September	115	73.0
October	115	74.3
November	115	52.8
December	115	36.9
January 1997	115	27.1
February	115	66.4
March	115	27.8
April	115	—
May	115	—
June	115	—
Total	**1 380**	**530.3**

48. *Hire/charter costs*. Expenditures for the reporting period amounted to $458,100 as a result of the lower flying hours and the early termination of the contract. The flying hours were less than estimated during the winter months because of inclement weather in Sarajevo, which caused the periodic closure of the airport. Additionally, there were expenditures relating to prior periods as follows: $110,000 for the period from 16 June 1995 to 15 June 1996 and $189,200 for the period from January to June 1996. The aircraft also flew missions for other peacekeeping operations, which resulted in a credit of $34,700 to the UNPF accounts.

49. *Aviation fuel and lubricants*. The unutilized balance of $277,900 was due to the lower number of flying hours.

50. *Positioning/depositioning costs*. No change.

51. *Resupply flights*. No change.

52. *Liability and war-risk insurance*. The disbursement of $1,800 was incurred in respect of UNPF's share of the master aviation third-party liability policy. Four separate aviation liability policies were consolidated into a single policy, namely: (a) non-owned aircraft liability insurance policy; (b) non-owned aircraft liability insurance – the United Nations Support Mission in Haiti (UNSMIH) and UNTAES; (c) comprehensive bodily injury/property damage insurance; and (d) mobile equipment (aviation) policy.

53. The provision of $240,000 for liability insurance was based on the contract in existence at the time of preparation of the cost estimates in early 1996. A new contract went into effect in July 1996 whereby the insurance costs were incorporated into the hire costs. The obligation of $118,200 will therefore not be utilized.

(c) *Aircrew subsistence allowance* 27 000

54. The cost estimates were based on requirements of $4,000 per month ($48,000) for payment of subsistence allowance for nights spent away from the duty station. Actual requirements for the reporting period amounted to $21,000 owing in part to the early repatriation of the aircraft. Additionally, as a result of the reduced flying hours the aircrew had to remain outside the mission area less frequently than originally envisaged.

(d) *Other air operation costs* 1 121 400

55. *Air traffic control services and equipment*. No change.

56. *Landing fees and ground handling*. The cost estimates of $105,000 per month were based on airport charges at Zagreb, Osijek, Belgrade and Skopje airports. The requests for flights to Belgrade and Skopje decreased greatly during the liquidation period and the AN-26 did not fly to the two airports after November 1996. Additionally, UNTAES covered the charges for the Osijek airport and the reduced flying hours required less movement and handling of the aircraft, which also resulted in lower landing and handling charges.

57. *Fuel storage and containers*. No change.

7. Naval operations ..... —

58. No change.

8. Communications ..... (308 000)

59. *Communications equipment*. An expenditure of $24,200 was incurred for the purchase of radio communications equipment for the air traffic control tower at Camp Pleso to ensure the compatibility of all aircraft and safety of all personnel in the area.

60. *Spare parts and supplies*. The expenditure of $101,900 consisted of $88,800 for the purchase of parts to ensure the operability of communications equipment prior to transfer to other missions and $13,100 for the settlement of invoices from prior periods. In addition, an obligation for $30,900 was issued for spare parts and supplies, but was recorded against commercial communications.

61. *Workshop and test equipment*. No change.

62. *Commercial communications*. Additional requirements of $271,000 related to international telephone calls to vendors, banks and insurance companies by staff of the Procurement, Finance and Claims Sections to expedite the closing of case files, settlement of outstanding issues and disposal of surplus assets by commercial sale. Additionally, as indicated in paragraph 60 above, an obligation for $30,900 was raised against this line item for communication spare parts and supplies.

9. Other equipment 96 900

63. *Office furniture*. No change.

64. *Office equipment*. No change.

65. *Data-processing equipment*. The budget provided $70,000 for the purchase of anti-virus software updates and the continuation of software licences for accounting, procurement and payroll systems used in the field. The expenditure of $27,000 related to the procurement of hard drives for servers and equipment for back-up and storage of data in preparation for the closing of the mission.

66. *Generators*. No change.

67. *Observation equipment*. No change.

68. *Petrol tank plus metering equipment*. No change.

69. *Water and septic tanks*. No change.

70. *Medical and dental equipment*. No change.

71. *Accommodation equipment*. No change.

72. *Refrigeration equipment*. No change.

73. *Miscellaneous equipment*. An expenditure of $4,500 was incurred for generator parts.

74. *Field defence equipment*. No change.

75. *Spare parts, repairs and maintenance*. The unutilized balance of $58,400 resulted from the use of existing stock whenever possible.

76. *Water-purification equipment*. No change.

10. Supplies and services

(a) Miscellaneous services 324 500

77. *Audit services*. The unutilized balance of $14,200 resulted from revised requirements of UNPF audit costs.

78. *Contractual services*. The unutilized balance of $2,691,400 was due primarily to lower expenditures for environmental clean-up. Requirements for environmental clean-up for the 12-month period were estimated at $3 million. However, expenditures of only $209,800 were recorded in the accounts for the period. The previous performance report covering the first six months of 1996 reported expenditures of $1,119,300 for environmental clean-up, including an unliquidated obligation of $1 million, compared with estimated requirements of $2.5 million. The $1 million obligation was fully utilized during the current reporting period.

79. The lower requirements for environmental clean-up are attributable to two facts. Firstly, the estimates were formulated in early 1996 based on information gathered prior to the start of the clean-up. Precise requirements for oil spill sites and other sites could not be determined until the work began and tests were conducted to determine the extent of the clean-up required. Secondly, many items that were initially envisioned for disposal were sold as scrap or for use, including crushed vehicles and tyres, thus turning an estimated expenditure for clean-up into a profit.

80. *Data-processing services*. No change.

81. *Security services*. No security services were hired as a result of the move to Camp Pleso. All security at the camp was provided by military guards. The credit of $8,500 to this line item represents a credit of $15,200 for contractual services provided to other missions by UNPF, which was inadvertently recorded against this line item, offset by expenditures of $5,900 for security services provided during the prior period and $800 for the cutting of lock cylinders and keys.

82. *Medical treatment and services*. The expenditure of $3,600 related to the medical treatment and local hospitalization of military guards who could not be properly treated at the United Nations medical facility.

83. *Claims and adjustments*. Following a detailed review of pending and potential claims, it was determined that an amount of $2,551,600 would be sufficient to meet the potential liability, resulting in an unutilized balance of $2,948,400 under this heading.

84. *Official hospitality*. There was an unutilized balance of $8,600 due to stringent controls imposed on the use of these funds.

85. *Miscellaneous other services*. The unutilized balance was due to lower banking costs.

(b) Miscellaneous supplies 17 900

86. *Stationery and office supplies*. There were additional requirements of $32,700 under this heading owing to the increased requirement for photocopy paper needed for archiving and transfer of the liquidation process to New York.

87. *Medical supplies*. No change.

88. *Sanitation and cleaning materials*. There was an unutilized balance of $33,200 under this heading owing to the utilization of existing stock.

89. *Subscriptions*. The unutilized balance of $600 resulted from no new subscriptions being opened and close control of the renewal process.

90. *Electrical supplies*. There was an unutilized amount of $45,800 since most requirements were met from stock.

91. *Ballistic-protective blankets for vehicles*. No change.

92. *Uniform items, flags and decals*. Expenditures of $1,100 were incurred to meet minimal replacement stock requirements for central support personnel. Liquidation requirements were met from available resources, resulting in an unutilized balance of $12,900.

93. *Field defence stores*. No change.

94. *Operational maps*. No change.

95. *Quartermaster and general stores*. Additional requirements of $41,900 were incurred for vast requirements for archive boxes, packing materials and other supplies needed for the closure of the mission and move of the liquidation team to New York.

11. Election-related supplies and services ..... —

96. No change.

12. Public information programmes ..... —

97. No change.

13. Training programmes ..... (1 400)

98. The expenditure of $1,400 related to the attendance of one UNPF staff member assigned to perform the maintenance of the upgrade of Lotus Notes to version 4.1 and the Lotus Notes server to version 4.5 at a training course to ensure proper implementation of the new system.

14. Mine-clearing programmes ..... —

99. No change.

15. Assistance for disarmament and demobilization ..... —

100. No change.

16. Air and surface freight 748 600

101. *Transport of contingent-owned equipment*. An expenditure of $33,100 was incurred for the settlement of a claim for the deployment of 15 contingent-owned vehicles in 1995.

102. *Military airlifts*. No change.

103. *Commercial freight and cartage*. A significant amount of equipment was transferred or sold to other missions, United Nations agencies or commercial entities. The amount of equipment to be shipped to the United Nations Logistics Base in Brindisi was therefore reduced, resulting in an unutilized balance of $781,700.

17. United Nations Logistics Base, Brindisi ..... —

104. No change.

18. Support account for peacekeeping operations ..... —

105. The expenditure of $1,193,200 represents UNPF's prorated share of the cost of backstopping requirements at Headquarters funded from the support account for peacekeeping operations based on General Assembly resolution 50/221 B.

19. Staff assessment ..... (627 000)

106. Additional requirements of $627,000 under this heading were due to the delayed processing of personnel actions and the late receipt of invoices.

20. Income from staff assessment 627 000

107. This amount is derived from item 19 above.

21. Voluntary contributions in kind ..... —

108. No change.

Annex III

Planned and actual deployment of civilian personnel for the period from 1 July 1996 to 30 June 1997

A. For the liquidation of the United Nations Peace Forces

Level	Monthly deployment												Total person/ months
	July	*August*	*September*	*October*	*November*	*December*	*January*	*February*	*March*	*April*	*May*	*June*	
	1996						*1997*						
Original requirements (March 1996)													
Professional category and above													
P-3	325	325	325	325	211	211	149	129	—	—	—	—	2 000
Local staff	148	142	134	122	99	92	56	40	—	—	—	—	833
International contractual personnel	350	250	150	50	—	—	—	—	—	—	—	—	800
Total, civilian staff	**823**	**717**	**609**	**497**	**310**	**303**	**205**	**169**	—	—	—	—	**3 633**
Revised requirements (September 1996)													
Professional category and above													
D-2	1	1	1	1	1	1	1	1	—	—	—	—	8
D-1	2	2	2	2	2	2	2	2	—	—	—	—	16
P-5	15	15	15	15	15	13	11	11	—	—	—	—	110
P-4	22	22	22	22	18	18	12	12	—	—	—	—	148
P-3	43	42	42	42	37	37	30	24	—	—	—	—	297
P-2	32	29	29	29	22	22	12	7	—	—	—	—	182
Subtotal	**115**	**111**	**111**	**111**	**95**	**93**	**68**	**57**	—	—	—	—	**761**
General Service and related categories													
Field Service	58	58	46	46	46	41	29	27	—	—	—	—	351
General Service (Principal level)	5	5	5	5	5	5	5	3	—	—	—	—	38
General Service (Other level)	85	84	72	66	62	61	38	38	—	—	—	—	506
Security Service	5	5	5	5	4	4	2	2	—	—	—	—	32
Subtotal	**153**	**152**	**128**	**122**	**117**	**111**	**74**	**70**	—	—	—	—	**927**
Total, international staff	**268**	**263**	**239**	**233**	**212**	**204**	**142**	**127**	—	—	—	—	**1 688**

Level	Monthly deployment												Total person-months
	July	August	September	October	November	December	January	February	March	April	May	June	
	1996						199"						
Local staff	344	320	325	288	232	205	120	113	—	—	—	—	1 947
International contractual personnel	350	250	150	50	—	—	—	—	—	—	—	—	800
Total, civilian staff	**962**	**833**	**714**	**571**	**444**	**409**	**262**	**240**	**—**	**—**	**—**	**—**	**4 435**
Revised requirements (February 1997)													
Professional category and above													
D-2	1	1	1	1	1	1	1	1	1	1	1	1	12
D-1	2	2	1	1	2	1	2	2	2	2	2	2	21
P-5	12	11	11	11	10	10	10	10	6	5	4	4	104
P-4	14	16	16	18	17	16	12	12	9	9	9	9	157
P-3	35	31	33	34	33	31	30	29	28	27	22	22	355
P-2	13	14	19	16	16	15	12	9	4	4	4	4	130
Subtotal	**77**	**75**	**81**	**81**	**79**	**74**	**67**	**63**	**50**	**48**	**42**	**42**	**779**
General Service and related categories													
Field Service	43	40	42	46	43	27	29	20	11	7	4	4	316
General Service (Principal level)	4	4	4	4	2	2	5	3	1	1	1	1	32
General Service (Other level)	81	71	66	64	61	46	38	36	18	12	9	9	511
Security Service	4	4	4	4	4	3	2	1	—	—	—	—	26
Subtotal	**132**	**119**	**116**	**118**	**110**	**78**	**74**	**60**	**30**	**20**	**14**	**14**	**885**
Total, international staff	**209**	**194**	**197**	**199**	**189**	**152**	**141**	**123**	**80**	**68**	**56**	**56**	**1 664**
Local staff	337	320	329	290	228	202	152	125	—	—	—	—	1 983
International contractual personnel	173	125	48	10	—	—	—	—	—	—	—	—	356
Total, civilian staff	**719**	**639**	**574**	**499**	**417**	**354**	**293**	**248**	**80**	**68**	**56**	**56**	**4 003**
Actual deployment													
Professional category and above													
D-2	1	1	1	1	1	1	1	1	1	1	1	1	12
D-1	2	2	1	1	2	1	2	2	2	2	2	2	21
P-5	12	11	11	11	10	10	10	10	7	6	5	5	108
P-4	14	16	16	18	17	16	12	12	10	10	7	6	154

Level	Monthly deployment												Total person/ months
	July	*August*	*September*	*October*	*November*	*December*	*January*	*February*	*March*	*April*	*May*	*June*	
	1996						*199"*						
P-3	35	31	33	34	33	31	30	29	18	16	13	8	311
P-2	13	14	19	16	16	15	12	9	4	4	3	3	128
Subtotal	**77**	**75**	**81**	**81**	**79**	**74**	**67**	**63**	**42**	**39**	**31**	**25**	**734**
General Service and related categories													
Field Service	43	40	42	46	43	27	29	20	15	9	7	4	325
General Service (Principal level)	4	4	4	4	2	2	5	3	—	—	—	—	28
General Service (Other level)	81	71	66	64	61	46	38	36	14	11	8	6	502
Security Service	4	4	4	4	4	3	2	1	—	—	—	—	26
Subtotal	**132**	**119**	**116**	**118**	**110**	**78**	**74**	**60**	**29**	**20**	**15**	**10**	**881**
Total, international staff	**209**	**194**	**197**	**199**	**189**	**152**	**141**	**123**	**71**	**59**	**46**	**35**	**1 615**
Local staff	337	320	329	290	228	202	152	125	—	—	—	—	1 983
International contractual personnel	173	125	48	10	—	—	—	—	—	—	—	—	356
Total, civilian staff	**719**	**639**	**574**	**499**	**417**	**354**	**293**	**248**	**71**	**59**	**46**	**35**	**3 954**

B. For the provision of central support services

Level	July 1996		August		September		October		November		December		January 1997	
	Planned	*Actual*	*Planned*	*Actual*	*Planned*	*Actual*	*Planned*	*Actual*	*Planned*	*Actual*	*Planned*	*Actual*	*Planned*	*Actual*
Professional category and above														
Under-Secretary-General	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Assistant Secretary-General	—	—	—	—	—	—	—	—	—	—	—	—	—	—
D-2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
D-1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
P-5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
P-4	1	1	1	1	1	1	1	1	1	1	1	1	1	1
P-3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
P-2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
General Service and related categories														
Field Service	18	10	18	11	18	12	18	16	18	17	18	17	18	18
General Service (Principal level)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
General Service (Other level)	2	1	2	1	2	1	2	—	2	—	2	1	2	2
Security Service	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	**20**	**11**	**20**	**12**	**20**	**13**	**20**	**16**	**20**	**17**	**20**	**18**	**20**	**20**
Total, international staff	**21**	**12**	**21**	**13**	**21**	**14**	**21**	**17**	**21**	**18**	**21**	**19**	**21**	**21**
Local staff	38	36	38	36	38	38	38	38	38	38	38	37	38	38
International contractual personnel	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total, civilian staff	**59**	**48**	**59**	**49**	**59**	**52**	**59**	**55**	**59**	**56**	**59**	**56**	**59**	**59**

Level	February 199"		March		April		May		June		Total	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Professional category and above												
Under-Secretary-General	—	—	—	—	—	—	—	—	—	—	—	—
Assistant Secretary-General	—	—	—	—	—	—	—	—	—	—	—	—
D-2	—	—	—	—	—	—	—	—	—	—	—	—
D-1	—	—	—	—	—	—	—	—	—	—	—	—
P-5	—	—	—	—	—	—	—	—	—	—	—	—
P-4	1	1	1	1	1	1	1	1	1	1	12	12
P-3	—	—	—	—	—	—	—	—	—	—	—	—
P-2	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**12**	**12**
General Service and related categories												
Field Service	18	17	18	17	18	17	18	17	18	17	216	186
General Service (Principal level)	—	—	—	—	—	—	—	—	—	—	—	—
General Service (Other level)	2	2	5	2	5	2	5	2	5	2	36	16
Security Service	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	**20**	**19**	**23**	**19**	**23**	**19**	**23**	**19**	**23**	**19**	**252**	**202**
Total, international staff	**21**	**20**	**24**	**20**	**24**	**20**	**24**	**20**	**24**	**20**	**264**	**214**
Local staff	38	36	38	38	38	38	38	38	38	38	456	449
International contractual personnel	—	—	—	—	—	—	—	—	—	—	—	—
Total, civilian staff	**59**	**56**	**62**	**58**	**62**	**58**	**62**	**58**	**62**	**58**	**720**	**663**

Annex IV

Cost estimates for the completion of the liquidation tasks: summary statement

(Thousands of United States dollars)

	(1) 1 July 1996-30 June 1997	(2) Period beginning 1 July 1997
1. Military personnel costs		
(a) Military observers	—	
(b) Military contingents	2 054 5	
(c) Other costs pertaining to military personnel	656 0	
Total, line 1	**2 710.5**	**—**
2. Civilian personnel costs		
(a) Civilian police	—	
(b) International and local staff		
International staff salaries	8 741 3	387 1
Local staff salaries	2 843 6	—
Consultants	—	—
Overtime	25 0	5 0
General temporary assistance	300 0	101 7
Common staff costs	5 309 6	227 2
Mission subsistence allowance	5 364 0	99 3
Other travel costs	112 4	192 5
Subtotal	**22 695.9**	**1 012.8**
(c) International contractual personnel	2 513 3	—
(d) United Nations Volunteers	—	
(e) Government-provided personnel	—	
(f) Civilian electoral observers	—	
Total, line 2	**25 209.2**	**1 012.8**
3. Premises/accommodation		
Rental of premises	384 0	—
Alteration and renovation of premises	—	—
Maintenance supplies	120 4	—
Maintenance services	120 4	3 0
Utilities	564 8	1 2
Construction/prefabricated buildings	—	—
Total, line 3	**1 189.6**	**4.2**
4. Infrastructure repairs	—	

	(1) 1 July 1996-30 June 1997	(2) Period beginning 1 July 1997
5. Transport operations		
Purchase of vehicles	—	—
Rental of vehicles	20.0	—
Workshop equipment	—	—
Spare parts, repairs and maintenance	739.8	13.5
Petrol, oil and lubricants	215.7	6.8
Vehicle insurance	16.0	0.9
Total, line 5	**991.5**	**21.2**
6. Air operations		
(a) Helicopter operations	—	
(b) Fixed-wing aircraft	1 192.9	
(c) Aircrew subsistence allowance	48.0	—
(d) Other air operation costs	1 260.0	
Total, line 6	**2 500.9**	**—**
7. Naval operations	**—**	
8. Communications		
(a) Complementary communications		
Communications equipment	—	—
Spare parts and supplies	120.0	2.5
Workshop and test equipment	—	—
Commercial communications	671.4	9.9
Subtotal	**791.4**	**12.4**
(b) Main trunking contract	—	—
Total, line 8	**791.4**	**12.4**
9. Other equipment	**229.8**	
10. Supplies and services		
(a) Miscellaneous services		
Audit services	117.0	—
Contractual services	3 357.5	3.7
Data-processing services	—	—
Security services	48.0	—
Medical treatment and services	—	—
Claims and adjustments	5 500.0	—
Official hospitality	10.0	—
Miscellaneous other services	400.0	6.2
Subtotal	**9 432.5**	**9.9**

	(1) 1 July 1996-30 June 1997	(2) Period beginning 1 July 1997
(b) Miscellaneous supplies		
Stationery and office supplies	54.7	5.6
Medical supplies	—	—
Sanitation and cleaning materials	36.5	1.2
Subscriptions	1.6	—
Electrical supplies	70.4	—
Ballistic-protective blankets for vehicles	—	—
Uniform items, flags and decals	14.0	—
Field defence stores	—	—
Operational maps	—	—
Quartermaster and general stores	25.2	3.0
Subtotal	**202.4**	**9.8**
Total, line 10	**9 634.9**	**19.7**
11. Election-related supplies and services	—	—
12. Public information programmes	—	—
13. Training programmes	—	—
14. Mine-clearing programmes	—	—
15. Assistance for disarmament and demobilization	—	—
16. Air and surface freight	**2 500.0**	—
17. United Nations Logistics Base, Brindisi	—	—
18. Support account for peacekeeping operations	—	—
19. Staff assessment		
Staff assessment, international staff	3 296.2	128.9
Staff assessment, local staff	—	—
Total, line 19	**3 296.2**	**128.9**
Total, lines 1-19	**49 054.0**	**1 199.2**
20. Income from staff assessment	**(3 296.2)**	**(128.9)**
21. Voluntary contributions in kind (budgeted)		—
Total, lines 20-21	**(3 296.2)**	**(128.9)**
Gross requirements	49 054.0	1 199.2
Net requirements	45 757.8	1 070.3
22. Voluntary contributions in kind (non-budgeted)		—
Total resources	**45 757.8**	**1 070.3**

Annex V

Cost estimates for the completion of the liquidation tasks: supplementary information

1. *International staff salaries*. Requirements under this heading are based on a total of 73.5 person/months as follows:

Level	*Person months*
Professional category and above	
D-2	1.5
D-1	3.0
P-5	13.5
P-4	10.5
P-3	13.5
General Service and related categories	
Field Service	30.0
General Service (Other level)	1.5
Total	**73.5**

2. *Overtime*. Provision is made under this heading for local staff overtime in demanding cases, especially for finalizing tasks, meeting deadlines and hand-over.

3. *General temporary assistance*. Requirements for local staff in Zagreb under this heading are based on a total of 61.5 person/months at $1,653 per person/month.

4. *Other travel costs*. The cost estimates provide for travel within the mission area ($10,000) and travel from Zagreb to New York for eight members of the liquidation team and for daily subsistence allowance in New York ($182,500).

5. *Maintenance services*. An amount of $3,000 is provided for minor repairs and maintenance of the Zagreb premises.

6. *Utilities*. Requirements for utilities in the mission area are estimated at $1,200.

7. *Spare parts, repairs and maintenance*. Requirements are estimated at $330 per month for a total of 40.5 vehicle/months ($13,400).

8. *Petrol, oil and lubricants*. Provision is made under this heading for petrol based on 40.5 vehicle/months at $144 per vehicle/month ($5,800) plus $200 for lubricants. The requirements for petrol are based on an average mileage of 1,670 kilometres per month and consumption of petrol at 6 kilometres per litre at a cost of $0.52 per litre.

9. *Vehicle insurance*. Requirements under this heading are based on 40.5 vehicle/months at the current rate of $43.75 per month ($1,800).

10. *Communication spare parts and supplies*. An amount of $2,500 is provided for the repair and maintenance of equipment in the mission area.

11. *Commercial communications*. Requirements under this heading of $9,900 provide for telephone calls ($4,500), postage ($1,900) and pouch charges ($3,500).

12. *Contractual services*. An amount of $7,400 is included for cleaning, disposal and other miscellaneous services in the mission area.

13. *Miscellaneous other services*. Requirements for banking charges are estimated at $2,500.

14. *Stationery and office supplies*. Provision is made in the amount of $5,600 for photocopy paper, cartridges, disks for storage and back-up of data and other miscellaneous electronic data supplies.

15. *Sanitation and cleaning materials*. Requirements for soap, detergent and other cleaning materials are estimated at $1,200.

16. *Quartermaster and general stores*. An amount of $3,000 is provided for archive and packing boxes, packing tape and other materials needed in connection with the liquidation.

17. *Staff assessment*. Requirements under this heading are estimated at $128,900 for 73.5 international person/months.